Government of Canada
Gouvernement du Canada

Prepared by the
Receiver General for Canada

Public Accounts of Canada

2014

Volume I

Summary Report and Consolidated Financial Statements

Canada

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To His Excellency

The Right Honourable David Johnston,
C.C., C.M.M., C.O.M., C.D.,
Governor General and
Commander-in-Chief of Canada

May it please your Excellency:

I have the honour to present to Your Excellency the *Public Accounts of Canada* for the year ended March 31, 2014.

All of which is respectfully submitted.

Tony Clement, P.C., M.P.
President of the Treasury Board

Ottawa, October 28, 2014

To The Honourable Tony Clement, P.C., M.P.
President of the Treasury Board

Sir:

In accordance with the provisions of section 64(1) of the *Financial Administration Act*, I have the honour to transmit herewith the *Public Accounts of Canada* for the year ended March 31, 2014, to be laid by you before the House of Commons.

Respectfully submitted,

Diane Finley, P.C., M.P.
Receiver General for Canada

Ottawa, October 28, 2014

To The Honourable Diane Finley, P.C., M.P.
Receiver General for Canada

Madam:

I have the honour to submit the *Public Accounts of Canada* for the year ended March 31, 2014.

Under section 64(1) of the *Financial Administration Act*, the *Public Accounts of Canada* for each fiscal year shall be prepared by the Receiver General and shall be laid before the House of Commons by the President of the Treasury Board on or before the thirty-first day of December next following the end of that year, or if the House of Commons is not then sitting, within the first fifteen days next thereafter that the House of Commons is sitting.

This annual report is presented in three volumes:

Volume I — The consolidated financial statements of Canada on which the Auditor General has expressed an opinion and provided his observations; a discussion and analysis of the consolidated financial statements and a ten-year comparison of financial information; analyses of revenues and expenses, and of asset and liability accounts; and various other statements;

Volume II — Details of the financial operations of the Government, segregated by ministry; and

Volume III — Additional information and analyses.

Respectfully submitted,

Michelle d'Auray
Deputy Receiver General for Canada

Ottawa, October 28, 2014

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Volume I

2013-2014

Public Accounts of Canada

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Introduction to the *Public Accounts of Canada*

Nature of the *Public Accounts of Canada*

The *Public Accounts of Canada* is the report of the Government of Canada prepared annually by the Receiver General, as required by section 64 of the *Financial Administration Act*. It covers the fiscal year of the Government, which ends on March 31.

The information contained in the report originates from two sources of data:

- the summarized financial transactions presented in the accounts of Canada, maintained by the Receiver General; and
- the detailed records, maintained by departments and agencies.

Each department and agency is responsible for reconciling its accounts to the control accounts of the Receiver General, and for maintaining detailed records of the transactions in their accounts.

The report covers the financial transactions of the Government during the year. In certain cases, parliamentary authority to undertake transactions was provided by legislation approved in earlier years.

Format of the *Public Accounts of Canada*

The *Public Accounts of Canada* is produced in three volumes.

Volume I presents the audited consolidated financial statements of the Government, as well as additional financial information and analyses;

Volume II presents the financial operations of the Government, segregated by ministry; and

Volume III presents supplementary information and analyses.

Section 1

2013-2014

Public Accounts of Canada

Financial Statements Discussion and Analysis

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NOTE TO READER

An overview of the financial operations of the Government of Canada is provided in the ***Annual Financial Report*** prepared by the Department of Finance. This Report also includes condensed consolidated financial statements.

Accompanying this Report are historical fiscal reference tables and related fiscal indicators for the federal government and the provinces.

The ***Annual Financial Report*** is available on the Web at www.fin.gc.ca/purl/afr-eng.asp.

Financial Statements Discussion and Analysis

Introduction

The *Public Accounts of Canada* is a major accountability report of the Government of Canada. This section, together with the other sections in this volume and in Volumes II and III of the *Public Accounts of Canada*, provides detailed supplementary information in respect of matters reported in the audited consolidated financial statements in Section 2 of this volume. Further discussion and analysis of the Government's financial results can be found in the *Annual Financial Report of the Government of Canada – Fiscal Year 2013-2014*, available on the Department of Finance's website.

The consolidated financial statements have been prepared under the joint direction of the Minister of Finance, the President of the Treasury Board and the Receiver General for Canada. Responsibility for the integrity and objectivity of the consolidated financial statements rests with the Government. A glossary of terms used in this financial statement discussion and analysis is provided at the end of this section.

2013-2014 Financial Highlights

- The Government posted a budgetary deficit of $5.2 billion for the fiscal year ended March 31, 2014, down from a budgetary deficit of $18.4 billion in 2012-2013.
- Revenues increased by $15.0 billion, or 5.9 percent, from 2012-2013, reflecting increases across all revenue streams. Program expenses increased by $2.4 billion, or 1.0 percent. Public debt charges were down $0.7 billion, or 2.3 percent.
- The accumulated deficit (the difference between total liabilities and total assets) stood at $611.9 billion at March 31, 2014. The accumulated deficit-to-GDP (gross domestic product) ratio was 32.5 percent, down from 33.5 percent a year earlier.
- As reported by the Organisation for Economic Co-operation and Development (OECD), Canada's total government net debt-to-GDP ratio, which includes the net debt of the federal, provincial/territorial and local governments, as well as the net assets held in the Canada Pension Plan and Quebec Pension Plan, stood at 40.4 percent in 2013. This is the lowest level among Group of Seven (G-7) countries, which the OECD expects will record an average net debt of 84.3 percent of GDP for the same year.

Discussion and Analysis

Economic Highlights [1]

Five years after the global recession, the global economic environment remains fragile. Despite the challenging external environment, the Canadian economy has been resilient. For instance, Canada has led all other G-7 economies in real GDP growth over the recovery. This has translated into one of the strongest job creation performances over the period, with over 1 million more Canadians now working than in July 2009, when the recovery began — an increase of 6.4 percent. Canada's strong labour market performance over the recovery has been driven by a resilient domestic economy, in particular strong business investment early in the recovery. As a result, Canada has posted one of the strongest real business investment performances in the G-7 over the recession and subsequent recovery.

However, Canada is not immune to events outside our borders. The global economy has weakened since 2010, and global growth has repeatedly underperformed expectations. While the International Monetary Fund expects global growth to pick up slightly in 2014, it is still expected to be far below its pace four years ago. Moreover, risks remain — from ongoing weakness in Europe to easing momentum in China and uneven growth in the U.S. — leaving the possibility that global growth will once again disappoint this year.

Weak external demand has negatively affected the Canadian economy. For instance, average real export growth was essentially flat during 2012 and 2013. With weak growth in external demand for Canadian products over this period, there has been less incentive for businesses to increase capacity. As a result, real business investment growth also slowed considerably over these two years — compared with the earlier part of the recovery. Moreover, external weakness during 2012 and 2013 has more recently begun to be reflected in slower employment growth since early 2013.

Reflecting these developments, the growth in nominal GDP — the broadest single measure of the tax base — increased by 3.4 percent in both 2012 and 2013. Nominal GDP growth in 2013 was broadly in line with projections in Budget 2013 and Budget 2014. Short and long-term interest rates have remained at historically low levels over the last two years, and in 2013 were in line with the projections in Budget 2013. Interest rates fell in early 2014 and in the first quarter of 2014 were lower than anticipated at the time of Budget 2014. The unemployment rate declined from 7.2 percent in 2012 to 7.1 percent in 2013. Consumer Price Index (CPI) inflation remained below the mid-point of the Bank of Canada's target band in 2012 and 2013. Reflecting slack in the economy and lower commodity prices, CPI inflation in 2013 was lower than projected in Budget 2013.

Looking forward, the global economic environment remains uncertain and risks are tilted to the downside. Real GDP growth in the U.S. averaged just 1 percent over the first half of 2014, amid considerable volatility. This raises the possibility that underlying momentum in the U.S. could be weaker than expected, which would weigh on growth in Canada. In addition, recent weakness in Canadian employment, if sustained, could restrain household and business spending, further dampening overall growth. Moreover, high levels of household debt could cause households to restrain spending more than they otherwise would, in the event of a negative external shock.

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(1) This section incorporates data available up to and including August 8, 2014.

Average Private Sector Forecasts
(Percent, unless otherwise indicated)

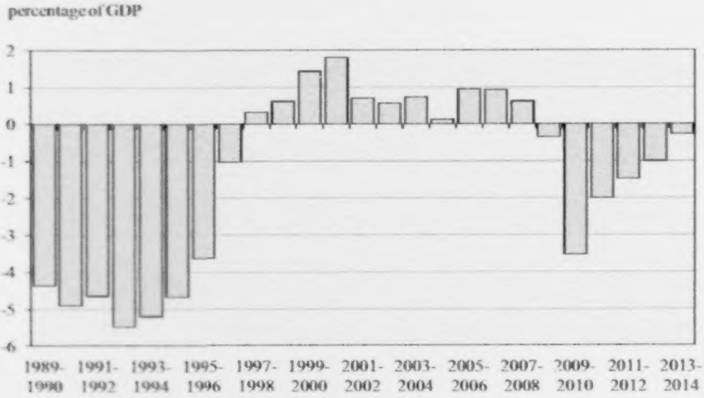
	2012	2013	2014
Real GDP Growth (%)			
Budget 2013	1.8	1.6	2.5
Budget 2014	1.7	1.7	2.3
Actual	1.7	2.0	
Nominal GDP Growth (%)			
Budget 2013	3.1	3.3	4.7
Budget 2014	3.4	3.2	3.9
Actual	3.4	3.4	
3-Month Treasury Bill Rate (%)			
Budget 2013	1.0	1.0	1.3
Budget 2014	1.0	1.0	1.0
Actual	1.0	1.0	
10-Year Government Bond Rate (%)			
Budget 2013	1.9	2.1	2.8
Budget 2014	1.9	2.3	3.0
Actual	1.9	2.3	
Unemployment Rate (%)			
Budget 2013	7.2	7.1	6.9
Budget 2014	7.2	7.1	6.8
Actual	7.2	7.1	
Consumer Price Index Inflation (%)			
Budget 2013	1.5	1.3	2.0
Budget 2014	1.5	1.0	1.5
Actual	1.5	1.0	

Source: March 2013 private sector survey for Budget 2013 and December 2013 private sector survey for Budget 2014.
Statistics Canada data for actual.

The Budgetary Balance

The Government posted a budgetary deficit of $5.2 billion in 2013-2014. The following graph shows the Government's budgetary balance since 1989-1990. To enhance the comparability of results over time and across jurisdictions, the budgetary balance and its components are presented as a percentage of GDP. The budgetary deficit stood at 0.3 percent of GDP in 2013-2014, down from 1.0 percent a year earlier.

Annual Surplus/Deficit



The 2013-2014 budgetary deficit of $5.2 billion compares to a deficit of $18.4 billion in 2012-2013.

Revenues were up $15.0 billion, or 5.9 percent, from the prior year, reflecting increases across all revenue streams.

2013-2014 Financial Highlights

	2013-2014	2012-2013
		Restated [1]
	(in millions of dollars)	
Consolidated Statement of Operations		
Revenues	271,677	256,635
Expenses —		
Program expenses	248,607	246,179
Public debt charges	28,220	28,871
Total expenses	276,827	275,050
Annual deficit	***5,150***	***18,415***
Percentage of GDP	*0.3%*	*1.0 %*
Consolidated Statement of Financial Position		
Liabilities —		
Interest-bearing debt	889,364	897,401
Other	111,421	118,744
Total liabilities	1,000,785	1,016,145
Financial assets	318,471	337,832
Net debt	***682,314***	***678,313***
Non-financial assets	70,433	68,922
Accumulated deficit	***611,881***	***609,391***
Percentage of GDP	*32.5%*	*33.5 %*

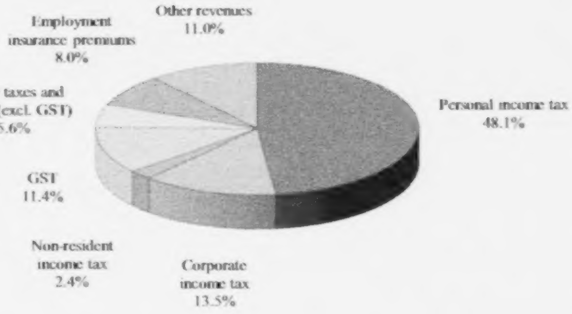
(1) Certain comparative figures have been restated. Information regarding this restatement can be found in the Accumulated Deficit section of the Financial Statements Discussion and Analysis.

Expenses were up $1.8 billion, or 0.6 percent, from the prior year. Program expenses increased by $2.4 billion, reflecting an increase in transfer payments, offset in part by a decrease in other program expenses. Public debt charges decreased by $0.7 billion, or 2.3 percent, from the prior year, reflecting a lower average effective interest rate on the stock of interest-bearing debt.

Revenues

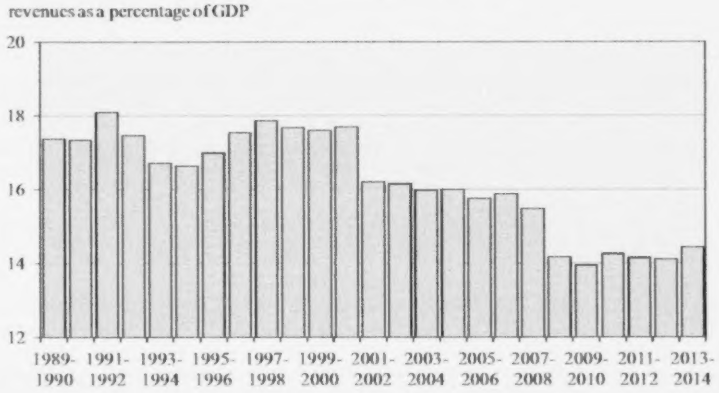
The largest source of federal revenues is personal income tax revenues, which accounted for 48.1 percent of total revenues in 2013-2014, down from 49.0 percent in 2012-2013. Corporate income tax revenues accounted for 13.5 percent of revenues in 2013-2014, while Employment Insurance (EI) premium revenues represented 8.0 percent of revenues. In 2013-2014, other taxes and duties made up 17.0 percent of total revenues, with 11.4 percent coming from the Goods and Services Tax (GST). Other revenues made up 11.0 percent of total revenues in 2013-2014, up 0.5 percentage points from a year earlier, and non-resident income tax revenues made up 2.4 percent of total revenues, up 0.4 percentage points from a year earlier.

Composition of Revenues for 2013-2014



The revenue ratio — revenues as a percentage of GDP — compares the total of all federal revenues to the size of the economy. This ratio is influenced by changes in statutory tax rates and by economic developments. The ratio stood at 14.4 percent in 2013-2014, up from 14.1 percent in 2012-2013. This increase was attributable to strong growth in all major revenue streams, which was due in part to specific one-time factors. Notably, in 2013-2014 revenue growth of 5.9 percent significantly outpaced nominal GDP growth of 3.4 percent, and the ratio between the two measures (1.74) — which indicates how responsive revenues are to increases in nominal GDP — was the highest since the introduction of accrual accounting in 2002-2003. Overall, the revenue ratio has declined since 2001-2002, and is down significantly from an average of 18 percent over the 1996-1997 to 2000-2001 period. This longer-term decline is due primarily to tax reduction measures.

Revenue Ratio



Revenues Compared to 2012-2013

The following table compares revenues for 2013-2014 to 2012-2013.

Revenues

	2013-2014	2012-2013	Change	
			Absolute	Percent
		(in millions of dollars)		%
Income tax revenues —				
Personal	130,811	125,728	5,083	4.0
Corporate	36,587	34,986	1,601	4.6
Non-resident	6,404	5,073	1,331	26.2
Total	**173,802**	**165,787**	**8,015**	**4.8**
Other taxes and duties —				
Goods and services tax	30,998	28,821	2,177	7.6
Energy taxes	5,486	5,381	105	2.0
Customs import duties	4,239	3,979	260	6.5
Other excise taxes and duties	5,413	5,370	43	0.8
Total	**46,136**	**43,551**	**2,585**	**5.9**
Employment insurance premiums	**21,766**	**20,395**	**1,371**	**6.7**
Other revenues	**29,973**	**26,902**	**3,071**	**11.4**
Total revenues	**271,677**	**256,635**	**15,042**	**5.9**

Total revenues increased by $15.0 billion in 2013-2014, reflecting growth in all revenue streams.

Personal income tax revenues increased by $5.1 billion, or 4.0 percent, reflecting gains in personal income.

Corporate income tax revenues increased by $1.6 billion, or 4.6 percent, reflecting growth in corporate taxable income.

Non-resident income tax revenues were up $1.3 billion, or 26.2 percent, due in part to large one-time assessments relating to the current and prior years.

Other taxes and duties increased by $2.6 billion, or 5.9 percent, driven by a $2.2-billion, or 7.6-percent, increase in GST revenues, reflecting growth in household spending and moderate growth in the GST tax credit. Energy taxes increased by $0.1 billion, customs import duties rose by $0.3 billion, and other excise taxes and duties rose by $43 million.

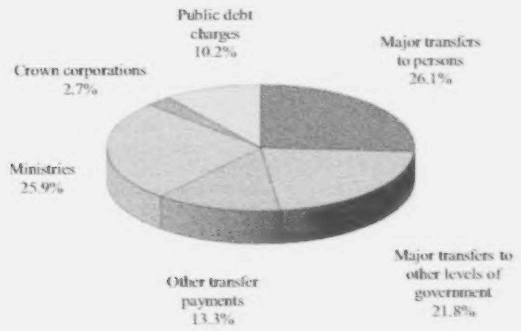
EI premium revenues increased by $1.4 billion, or 6.7 percent, reflecting growth in insurable earnings and the EI premium rate of $1.88 per $100 of insurable earnings for 2013 and 2014.

Other revenues increased by $3.1 billion, or 11.4 percent. This increase was attributable to a variety of factors including a $1.5-billion increase in interest and penalties, due in part to large prior-year tax reassessments and higher tax receivables; a $1.0-billion increase in profits of enterprise Crown corporations and other government business enterprises, largely reflecting the $0.7-billion gain realized by the Canada Development Investment Corporation on the Government's sale of 30 million shares of General Motors common stock in September 2013; a $0.6-billion gain on the March 27, 2014 sale of Macdonald House, a Canadian High Commission property in London; a $0.5-billion increase in net foreign exchange revenues and foreign exchange gains; and a $0.4-billion increase in the Government's revenues from the sales of goods and services. These increases were offset in part by a $0.5-billion decrease in interest revenues on the Government's loans to enterprise Crown corporations, largely reflecting the repayment of principal on assets maturing under the Insured Mortgage Purchase Program (IMPP) administered by Canada Mortgage and Housing Corporation (CMHC), and a $0.6-billion decrease in revenues from commercial trading transactions of the Canadian Commercial Corporation (CCC). Note that this decrease in CCC's revenues is offset by a corresponding decrease in the corporation's expenses related to commercial trading transactions, which are recorded under Crown corporation expenses, (see the "Expenses" section below).

Expenses

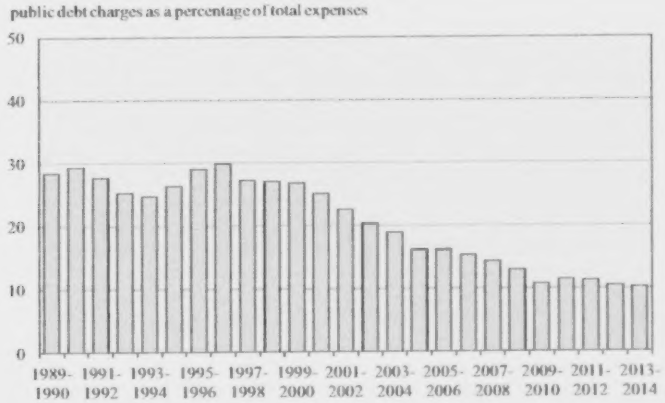
Federal expenses can be broken down into three main categories: transfer payments, which account for over half of all federal spending, other program expenses and public debt charges. Within these three main categories, the largest major component of expenses in 2013-2014 was major transfers to persons, which made up 26.1 percent of total expenses. This category consists of elderly benefits, EI benefits, the Canada Child Tax Benefit and the Universal Child Care Benefit. The second largest component of expenses was ministries expenses, which accounted for 25.9 percent of total expenses. Ministries expenses represent the operating expenses of more than 100 government departments and agencies, including National Defence. Major transfers to other levels of government—which include the Canada Health Transfer, the Canada Social Transfer, fiscal arrangements (Equalization, transfers to the territories, a number of smaller transfer programs and the the Quebec Abatement), transfers to provinces on behalf of Canada's cities and communities and other transfers—made up 21.8 percent of total expenses in 2013-2014. Other transfer payments, which include transfers to Aboriginal peoples, assistance to farmers, students and businesses, support for research and development, and foreign aid and international assistance, made up 13.3 percent of expenses, while Crown corporations accounted for 2.7 percent of total expenses. Public debt charges made up the remaining 10.2 percent of total expenses in 2013-2014.

Composition of Expenses for 2013-2014



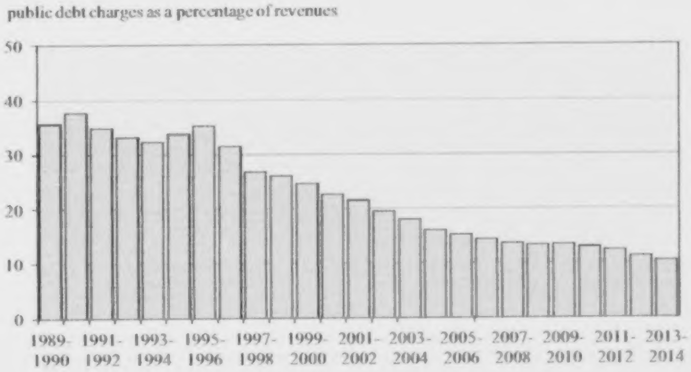
There has been a large shift in the composition of total expenses since the early 1990s. Public debt charges were the largest component for most of the 1990s, given the large and increasing stock of interest-bearing debt and high average effective interest rates on that stock of debt. Since reaching a high of nearly 30 percent of total expenses in 1996-1997, the share of public debt charges in total expenses has fallen by almost two-thirds.

Public Debt Charges



The interest ratio (public debt charges as a percentage of revenues) has been decreasing in recent years, falling from a peak of 37.6 percent in 1990-1991 to 11.2 percent in 2012-2013. The ratio continued to fall in 2013-2014, reaching 10.4 percent. This means that, in 2013-2014, the Government spent approximately 10 cents of every revenue dollar on interest on the public debt. The lower the ratio, the more flexibility the Government has to address the key priorities of Canadians.

Interest Ratio



Expenses Compared to 2012-2013

Total expenses amounted to $276.8 billion in 2013-2014, up $1.8 billion, or 0.6 percent, from 2012-2013.

The following table compares total expenses for 2013-2014 to 2012-2013.

Expenses

			Change	
	2013-2014	2012-2013 Restated [1]	Absolute	Percent
		(in millions of dollars)		%
Transfer payments —				
Major transfers to persons —				
Elderly benefits [2]	41,786	40,255	1,531	3.8
Employment insurance benefits	17,300	17,099	201	1.2
Children's benefits	13,136	12,975	161	1.2
Total	**72,222**	**70,329**	**1,893**	**2.7**
Major transfers to other levels of government —				
Federal transfer support for health and other social programs	42,758	40,772	1,986	4.9
Fiscal arrangements and other transfers	17,717	17,598	119	0.7
Total	**60,475**	**58,370**	**2,105**	**3.6**
Other transfer payments	36,698	34,862	1,836	5.3
Total transfer payments	**169,395**	**163,561**	**5,834**	**3.6**
Other program expenses —				
Crown corporations	7,484	9,512	(2,028)	(21.3)
Ministries	71,728	73,106	(1,378)	(1.9)
Total other program expenses	**79,212**	**82,618**	**(3,406)**	**(4.1)**
Program expenses	**248,607**	**246,179**	**2,428**	**1.0**
Public debt charges	**28,220**	**28,871**	**(651)**	**(2.3)**
Total expenses	**276,827**	**275,050**	**1,777**	**0.6**

(1) Certain comparative figures have been restated. Information regarding this restatement can be found in the Accumulated Deficit section of the Financial Statements Discussion and Analysis.

(2) Elderly benefits consist of Old age security benefits, guaranteed income supplement and spouse's allowance.

Major transfers to persons increased by $1.9 billion in 2013-2014, largely reflecting an increase in elderly benefits. Elderly benefits increased by $1.5 billion, or 3.8 percent, reflecting growth in the elderly population and changes in consumer prices, to which benefits are fully indexed. EI benefits and children's benefits, which consist of the Canada Child Tax Benefit and the Universal Child Care Benefit, each increased by $0.2 billion, or 1.2 percent.

Major transfers to other levels of government increased by $2.1 billion in 2013-2014, reflecting legislated growth in the Canada Health Transfer, the Canada Social Transfer, Equalization transfers and transfers to the territories, offset in part by a decrease in total transfer protection payments.

Other transfer payments increased by $1.8 billion, or 5.3 percent, in 2013-2014. This increase largely reflects disaster assistance related to the 2013 flood in Alberta and an increase in expenses associated with the revaluation of the Government's liability to Ontario for the province's one-third participation in the value of the Government's equity holdings in General Motors.

Other program expenses decreased from $82.6 billion in 2012-2013 to $79.2 billion in 2013-2014, down $3.4 billion, or 4.1 percent. This spending component consists of operating expenses of Crown corporations, departments and agencies, including National Defence, as well as expenses related to the ongoing assessment of the Government's liabilities. Within this component, Crown corporation expenses decreased by $2.0 billion, largely reflecting a $1.5-billion decrease in expenses related to Atomic Energy of Canada Limited's liability for nuclear decommissioning and waste management, as well as a $0.6-billion decrease in expenses related to commercial trading transactions of the Canadian Commercial Corporation. Expenses of departments and agencies decreased by $1.4 billion, or 1.9 percent, reflecting decreases in spending across the majority of departments, including a decrease in operating expenses of National Defence and a decrease in claims expenses at Indian Affairs and Northern Development. These decreases were offset in part by an increase in the Government's allowance for loans expected to be repaid through future appropriations for government assistance to borrowers as a result of refinements to the model used to estimate this valuation allowance during the current year.

Public debt charges decreased by $0.7 billion, or 2.3 percent, reflecting a lower average effective interest rate on the stock of interest-bearing debt.

Comparison of Actual Results to Budget Projections

Comparison to February 2014 Budget Plan

The 2013-2014 deficit was $10.7 billion lower than the $15.9-billion deficit forecast in the February 2014 budget. Revenues were $7.7 billion higher than expected, reflecting gains in all major revenue streams due, in large part, to a number of specific one-time factors which raised 2013-2014 revenues such as large one-time income tax assessments and foreign exchange gains, as well as the fact that the $1.5-billion adjustment for risk included in the Budget 2014 projection was not required, as potential economic risks did not materialize.

Program expenses were $2.6 billion lower than forecast, largely reflecting lower-than-expected direct program expenses, which are comprised of other transfer payments and other program expenses. In particular, the estimated federal liability under the Disaster Financial Assistance Arrangements for assistance related to the 2013 flood in Alberta was $1.2 billion lower than expected. The remaining difference is due to lower-than-expected spending by departments.

Public debt charges were $0.4 billion lower than forecast, reflecting a lower-than-expected average effective interest rate on the stock of interest-bearing debt, due in part to interest rates in the first quarter of 2014 being lower than expected by private sector economists at the time of Budget 2014.

Comparison of 2013-2014 Outcomes to February 2014 Budget

	Projection [1]	Actual	Difference
		(in millions of dollars)	
Revenues	263,957	271,677	7,720
Expenses			
Program expenses	251,243	248,607	(2,636)
Public debt charges	28,606	28,220	(386)
Total expenses	279,849	276,827	(3,022)
Annual deficit	**15,892**	**5,150**	**(10,742)**

[1] To enhance comparability with actual 2013-2014 results, Budget 2014 amounts have been adjusted to reflect the change in the Government's accounting policy for bond buy-back operations in 2013-2014. This restatement has resulted in a $696 million decrease in budgeted public debt charges and a corresponding decrease in the budgeted 2013-2014 annual deficit.

Comparison to March 2013 Budget Plan

The 2013-2014 budgetary deficit was $12.9 billion lower than the $18.0-billion deficit forecast in the March 2013 budget, reflecting higher-than-forecast revenues and lower-than-forecast program expenses and public debt charges.

Revenues were $7.2 billion, or 2.7 percent, higher than forecast in the March 2013 budget, reflecting higher than-projected income tax revenues, other taxes and duties, and other revenues. The higher-than-projected income tax revenues and other taxes and duties largely reflect the fact that the $3-billion adjustment for risk included in Budget 2013 was not required, as potential economic risks did not materialize. Other revenues were $3.7 billion higher than projected, reflecting specific one-time factors such as the gain realized on the Government's sale of 30 million shares of General Motors common stock in September 2013, the gain on the March 27, 2014 sale of Macdonald House, a Canadian High Commission property in London, and foreign exchange gains.

Total expenses were $5.7 billion lower than projected in the March 2013 budget, with program expenses $4.8 billion lower than forecast and public debt charges $0.8 billion lower than forecast.

Major transfers to persons were $1.2 billion lower than projected, largely due to lower-than-projected elderly and EI benefits. Elderly benefits were $0.2 billion lower than forecast due to a lower-than-anticipated inflation rate to which elderly benefits are fully indexed. EI benefits were $1.0 billion lower than forecast, mainly reflecting fewer-than-expected beneficiaries. Major transfers to other levels of government were $0.2 billion higher than forecast due to higher-than-forecast transfers to Canada's cities and communities and a lower-than-forecast value for the Quebec Abatement.

Direct program expenses were $3.9 billion lower than projected in the March 2013 budget. Other transfer payments were $0.7 billion lower than forecast and other program expenses were $3.2 billion lower than forecast. Within other program expenses, Crown corporation expenses were $0.2 billion higher than expected while ministries expenses were $3.4 billion lower than forecast.

The variance in direct program expenses from amounts forecast in the March 2013 budget is due in part to the fact that the budget projections did not fully reflect the recent trend of lapses in planned spending. In recent years, lapsed spending has been at historically high levels due to, for example, significant infrastructure spending, which often requires shifting funding to future years in light of revised project schedules. While the March 2013 budget did include an adjustment in recognition of this trend, the November 2013 *Update of Economic and Fiscal Projections* included a further adjustment to the expected lapse. This subsequent adjustment was reflected in the February 2014 budget and partially accounts for its improved forecast for direct program expenses.

In addition, the 2013-2014 results reflect a number of factors that were not known at the time of Budget 2013. For example, the February 2014 budget reallocated funding for National Defence from 2013-2014 to later years to better correspond to planned procurements. Further, the Government reached an agreement on March 26, 2014 with public sector bargaining agents with respect to transitioning from currently paying 75 percent of benefit costs to equal cost sharing for retired public servants under the Public Service Health Care Plan, which resulted in savings in 2013-2014.

Public debt charges were $0.8 billion lower than forecast in the March 2013 budget. Inflation rates, which affect adjustments on Real Return Bonds, were significantly lower in 2013-2014 than projected in the March 2013 budget. In addition, the average effective interest rate on the stock of interest-bearing debt in 2013-2014 was lower than projected.

Comparison of 2013-2014 Outcomes to March 2013 Budget

	Budget [1]	Actual	Difference
		(in millions of dollars)	
Revenues —			
Income tax revenues	171,505	173,802	2,297
Other taxes and duties	44,879	46,136	1,257
Employment insurance premiums	21,887	21,766	(121)
Other revenues	26,223	29,973	3,750
Total revenues	**264,494**	**271,677**	**7,183**
Expenses —			
Program expenses			
Major transfers to persons	73,401	72,222	(1,179)
Major transfers to other levels of government	60,254	60,475	221
Other transfer payments	37,386	36,698	(688)
Other program expenses	82,414	79,212	(3,202)
Total program expenses	**253,455**	**248,607**	**(4,848)**
Public debt charges	**29,048**	**28,220**	**(828)**
Total expenses	**282,503**	**276,827**	**(5,676)**
Annual deficit	**18,009**	**5,150**	**(12,859)**

[1] To enhance comparability with actual 2013-2014 results, Budget 2013 amounts have been restated to reflect the reclassification of interest owed to taxpayers from interest income to expenses in the *Public Accounts of Canada 2013*. This restatement has resulted in a $603 million increase in budgeted other revenues and a $603 million increase in budgeted other program expenses, with no overall impact on the budgeted 2013-2014 annual deficit. Budget 2013 amounts have also been adjusted to reflect the change in the Government's accounting policy for bond buy-back operations in 2013-2014. This restatement has resulted in a $696 million decrease in budgeted public debt charges and a corresponding decrease in the budgeted 2013-2014 annual deficit.

Accumulated Deficit

The accumulated deficit is the difference between the Government's total liabilities and total assets. The annual change in the accumulated deficit represents the annual budgetary balance plus other comprehensive income or loss. Other comprehensive income or loss is comprised of certain unrealized gains and losses on financial instruments and certain actuarial gains and losses related to pensions and other employee future benefits reported by enterprise Crown corporations and other government business enterprises. Based on the recommendations of the Public Sector Accounting Board, other comprehensive income or loss is not included in the Government's annual budgetary balance, but is instead recorded directly to the Government's Consolidated Statement of Operations and Accumulated Deficit and Consolidated Statement of Change in Net Debt.

Accumulated Deficit

	2013-2014	2012-2013 Restated [1]	Difference
		(in millions of dollars)	
Accumulated deficit at beginning of year — as previously reported	**602,441**	**583,576**	**18,865**
Accounting changes and restatement —			
Unamortized premiums and discounts on the buy-back of bonds	5,387	5,669	(282)
Loans expected to be repaid from future appropriations	1,563	1,795	(232)
Accumulated deficit at beginning of year — as restated	**609,391**	**591,040**	**18,351**
Annual deficit	5,150	18,415	(13,265)
Other comprehensive income	(2,660)	(64)	(2,596)
Accumulated deficit at end of year	**611,881**	**609,391**	**2,490**

[1] Certain comparative figures have been restated.

The opening balance of the accumulated deficit in 2012-2013 and 2013-2014 has been restated to reflect two accounting changes in 2013-2014. The first change is a change in the accounting policy for unamortized premiums and discounts arising on the buy-back of bonds. Previously, premiums and discounts arising on the Government's buy-back of bonds that are subsequently refinanced were deferred and amortized over the shorter of the remaining life of the old debt or the new debt. Under the Government's new accounting policy, when bonds are extinguished as a result of their repurchase or exchange, premiums and discounts arising on the buy-back of bonds are recognized immediately in public debt charges. This change in accounting policy has been applied on a retroactive basis resulting in a $5.7-billion increase in the opening balance of the accumulated deficit in 2012-2013, a $5.4-billion increase in the opening balance of the accumulated deficit in 2013-2014, and a $0.3-billion decrease in the 2012-2013 annual deficit.

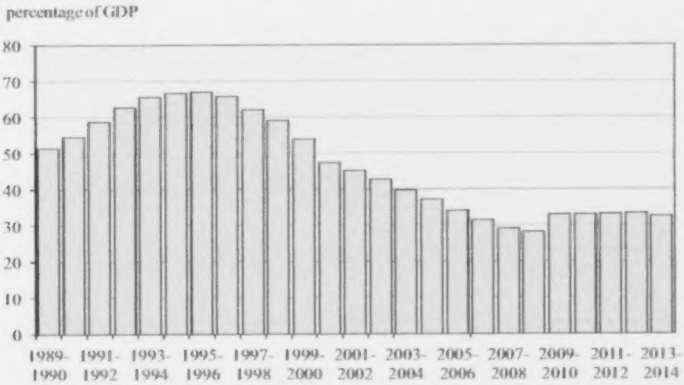
The second change is a correction to the Government's valuation allowance for social housing program loans that are expected to be repaid through future appropriations. During 2013-2014, the Government performed a detailed review of the valuation allowance calculation and determined that the allowance established in prior years did not take into account all relevant loans receivable. Consequently, the Government has adjusted the valuation allowance accordingly, resulting in a retroactive restatement of prior years' balances. This restatement has resulted in a $1.8-billion increase in the opening balance of the accumulated deficit in 2012-2013, a $1.6-billion increase in the opening balance of the accumulated deficit in 2013-2014, and a $0.2-billion decrease in the 2012-2013 annual deficit.

Further details regarding these two accounting changes can be found in Note 2 to the Consolidated Financial Statements of the Government of Canada in Section 2 of this volume.

The accumulated deficit increased by $2.5 billion in 2013-2014, reflecting the 2013-2014 $5.2 billion budgetary deficit, offset in part by $2.7 billion in other comprehensive income. The $2.7 billion in other comprehensive income largely reflects $0.9 billion in net unrealized gains on available-for-sale financial assets, including gains on the revaluation of the Government's holdings of General Motors common shares, and $1.8 billion in net actuarial gains on pension and other employee future benefits recorded by enterprise Crown corporations and other government business enterprises.

The accumulated deficit stood at 32.5 percent of GDP at March 31, 2014, less than half of its post-World War II peak of 67.1 percent at March 31, 1996.

Accumulated Deficit



As noted above, the accumulated deficit is the difference between the Government's total liabilities and total assets. Total liabilities include interest-bearing debt and accounts payable and accrued liabilities. Total assets include both financial and non-financial assets, the latter consisting primarily of capital assets. The following sections provide more details on each of these components.

Statement of Financial Position

	2013-2014	2012-2013 Restated [1]	Difference
		(in millions of dollars)	
Liabilities			
Accounts payable and accrued liabilities	111,421	118,744	(7,323)
Interest-bearing debt			
Unmatured debt	658,958	672,387	(13,429)
Pensions and other future benefits	224,492	218,968	5,524
Other liabilities	5,914	6,046	(132)
Total	889,364	897,401	(8,037)
Total liabilities	**1,000,785**	**1,016,145**	**(15,360)**
Financial assets			
Cash and accounts receivable	128,574	124,154	4,420
Foreign exchange accounts	72,262	58,759	13,503
Loans, investments and advances	117,635	154,919	(37,284)
Total financial assets	**318,471**	**337,832**	**(19,361)**
Net debt	***682,314***	***678,313***	***4,001***
Non-financial assets	**70,433**	**68,922**	**1,511**
Accumulated deficit	***611,881***	***609,391***	***2,490***

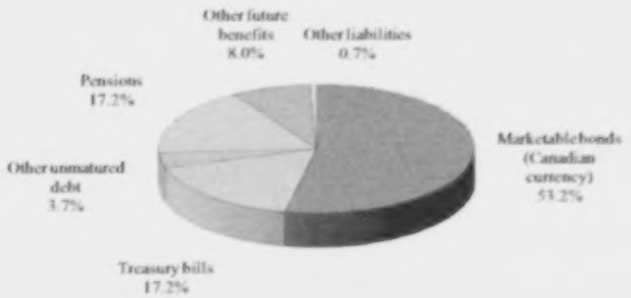
[1] Certain comparative figures have been restated.

Interest-Bearing Debt

Interest-bearing debt includes unmatured debt, or debt issued on the credit markets, liabilities for pensions and other future benefits, and other liabilities. Unmatured debt, which includes fixed-coupon marketable bonds, Real Return Bonds, treasury bills, retail debt (Canada Savings Bonds and Canada Premium Bonds), foreign-currency-denominated debt, and obligations related to capital leases, amounted to 74.1 percent of interest-bearing debt at March 31, 2014. Liabilities for pensions and other future benefits include obligations for: federal public sector pensions; disability and associated benefits available to war veterans, current and retired members of the Canadian Forces and the Royal Canadian Mounted Police, their survivors and dependants; health care and dental benefits available to retired employees and their dependants; accumulated sick leave entitlements; severance benefits; and workers' compensation benefits. Liabilities for pensions made up 17.2 percent of interest-bearing debt and other future benefits accounted for an additional 8.0 percent of interest-bearing debt. The remaining 0.7 percent of interest-bearing debt represents other interest-bearing liabilities of the Government, which include deposit and trust accounts and other specified purpose accounts.

The share of total interest-bearing debt represented by unmatured debt had been declining since the mid-1990s, as the Government was able to retire some of this debt. This trend reversed in 2008-2009 due to the increase in financial requirements stemming from the stimulus phase of the Economic Action Plan, as well as an increase in borrowings under the consolidated borrowing framework introduced in 2008. Under the consolidated borrowing framework, the Government finances all of the borrowing needs of CMHC, the Business Development Bank of Canada and Farm Credit Canada through direct lending in order to reduce overall borrowing costs and improve the liquidity of the government securities market.

Interest-Bearing Debt by Category for 2013-2014



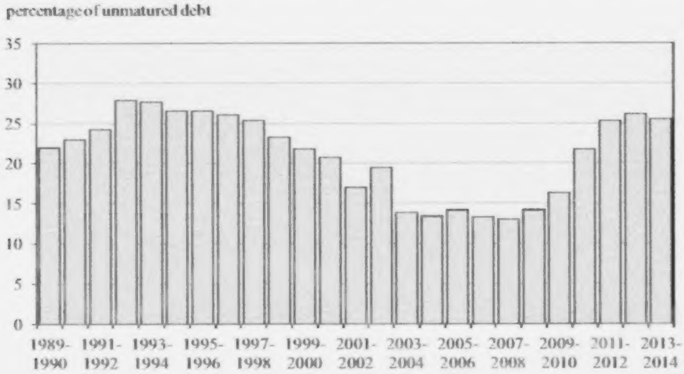
At March 31, 2014, interest-bearing debt totalled $889.4 billion, down $8.0 billion from March 31, 2013. Within interest-bearing debt, unmatured debt decreased by $13.4 billion, liabilities for pensions increased by $1.4 billion, liabilities for other future benefits increased by $4.1 billion, and other liabilities decreased by $0.1 billion.

The $13.4-billion decrease in unmatured debt largely reflects a $19.3-billion decrease in market debt, mainly treasury bills, offset in part by a $5.7-billion increase in the value of cross currency swap revaluations. The decrease in market debt reflects lower financing requirements due to the repayment of principal on assets maturing under the IMPP, offset in part by financial requirements associated with the budgetary deficit and the implementation of the Government's prudential liquidity plan. In Budget 2011, the Government announced its intention to increase its liquidity position by $35 billion over a three-year period beginning in 2011-2012. The increased liquidity is held in the form of foreign exchange reserves and government deposits with financial institutions and the Bank of Canada. With full implementation of the prudential liquidity plan in 2013-2014, the Government's overall liquidity levels are now sufficient to cover at least one month of net projected cash flows, including coupon payments and debt refinancing needs. The $5.7-billion increase in the value of cross currency swap revaluations reflects year-over-year changes in foreign exchange rates.

The Bank of Canada and the Department of Finance manage the Government's unmatured debt and associated risks. The fundamental objective of the debt management strategy is to provide stable, low-cost funding to meet the Government's financial obligations and liquidity needs. Details on the Government's debt management objectives and principles are tabled annually in Parliament through the Department of Finance's *Debt Management Strategy*.

Foreign holdings of the Government's unmatured debt are estimated at $168.3 billion, representing approximately 25.5 percent of the Government's total unmatured debt.

Foreign Holdings of Government of Canada Unmatured Debt



The Government's liabilities for pensions and other future benefits stood at $224.5 billion at March 31, 2014, up $5.5 billion from the prior year. These liabilities represent the estimated present value of future pension and other benefits earned to March 31, 2014 by current and former employees or plan members, net of assets set aside for funding purposes and actuarial gains and losses not recognized at year end. The obligations are measured annually on an actuarial basis, the assets held by the Public Sector Pension Investment Board (PSPIB) are valued at market related value and contributions receivable are discounted to approximate their fair value.

The following table illustrates the change in the liabilities for pensions and other future benefits in 2013-2014.

	Pensions	Other future benefits	Total
		(in millions of dollars)	
Liabilities at beginning of year	**151,667**	**67,301**	**218,968**
Add:			
Benefits earned during the year	6,602	3,409	10,011
Interest on the accrued benefit obligations, net of the expected return on investments	8,699	2,629	11,328
Actuarial losses recognized during the year	2,012	4,114	6,126
Plan amendments, curtailments and settlements [1]		(260)	(260)
	17,313	9,892	27,205
Deduct:			
Benefits paid during the year	10,068	5,720	15,788
Transfers to the PSPIB [2]	4,997		4,997
Net transfers to other plans and administrative expenses	832	64	896
	15,897	5,784	21,681
Net increase in liabilities	**1,416**	**4,108**	**5,524**
Liabilities at end of year	**153,083**	**71,409**	**224,492**

(1) Amounts shown include actuarial gains and losses recognized immediately upon a plan amendment, settlement or curtailment.

(2) Amounts equal to employer and employee contributions or Government and member contributions less benefits and other payments related to the funded pension plans are transferred to the PSPIB for investment.

The increase in liabilities for pensions and other future benefits in 2013-2014 reflects the addition of $10.0 billion in future benefits earned by employees or members during the year as well as $11.3 billion in net interest charges on the liabilities. Accounting standards require that liabilities due a long time into the future be recorded at their estimated present, or discounted, value. For the Government's funded pension benefits, which relate to post-March 2000 service under its three main public sector pension plans — the public service, Canadian Forces – Regular Force and Royal Canadian Mounted Police pension plans — as well as all service under the Canadian Forces – Reserve Force pension plan, the discount rate is based on the streamed expected rates of return on invested funds. For pension benefits related to pre-April 2000 service and post March 2000 service that falls above the *Income Tax Act* limits under these main plans, as well as pension benefits under several smaller plans sponsored by the Government, which are unfunded, the discount rate is based on the streamed weighted average of long-term bond rates. For other future benefits, the discount rate reflects the expected long-term bond rate. Interest is recorded on the accrued obligations for pensions and other future benefits each year, net of the expected return on investments associated with funded pension benefits, to reflect the passage of time as the liabilities are one year closer to settlement. Net interest charges are recorded as part of public debt charges while benefits expense is recorded as part of ministries expenses on the Consolidated Statement of Operations and Accumulated Deficit.

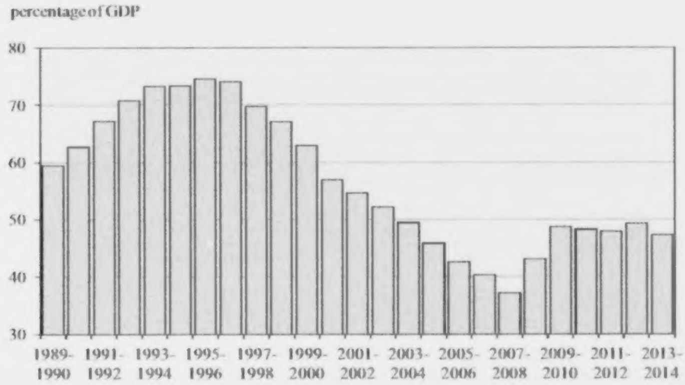
The liabilities for pensions and other future benefits increased by an additional $6.1 billion in 2013-2014 due to the recognition of actuarial gains and losses. Actuarial gains and losses represent year-over-year increases or decreases in the estimated value of the Government's pension and other future benefit obligations and the value of related assets due to changes in actuarial assumptions or actual experience different from that previously estimated. Actuarial assumptions include future inflation, interest rates, return on investments, general wage increases, workforce composition, retirement rates and mortality rates. Under Canadian public sector accounting standards, which are set independently by the Public Sector Accounting Board, actuarial gains and losses are not recognized in the liabilities immediately but instead are amortized over the expected average remaining service life of employees and plan members, which represents periods ranging from 4 to 23 years, according to the plan in question. As of March 31, 2014, the Government had a net unrecognized loss of $19.7 billion. The net loss will be reflected over time in the liabilities and recorded as part of ministries expenses.

These increases were offset in part by reductions in the liabilities for benefits paid during the year ($15.8 billion) and for amounts transferred to the PSPIB for investment ($5.0 billion).

Further details on the federal public sector pensions and other future benefits are contained in Section 6 of this volume.

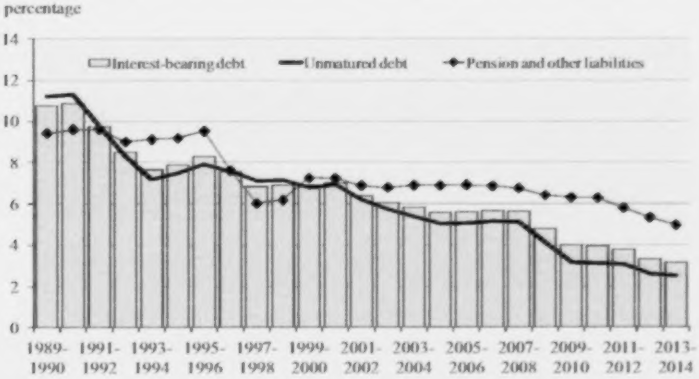
Interest-bearing debt stood at 47.3 percent of GDP in 2013-2014, down from 49.3 percent in 2012-2013. This ratio is down over 27 percentage points from its high of 74.6 percent in 1995-1996.

Interest-Bearing Debt



The average effective interest rate on the Government's interest-bearing debt in 2013-2014 was 3.2 percent, down from 3.3 percent in 2012-2013. The average effective interest rate on unmatured debt in 2013-2014 was 2.5 percent, while the average effective interest rate on pension and other future benefit liabilities and other liabilities was 5.1 percent. The average effective interest rate was higher on pension and other future benefit liabilities and other liabilities than on unmatured debt because the Government's unfunded pension benefit liabilities are primarily credited with interest at rates that are calculated as though the amounts in the plans were invested in a notional portfolio of Government of Canada 20-year bonds held to maturity, whereas unmatured debt includes both short- and long-term securities.

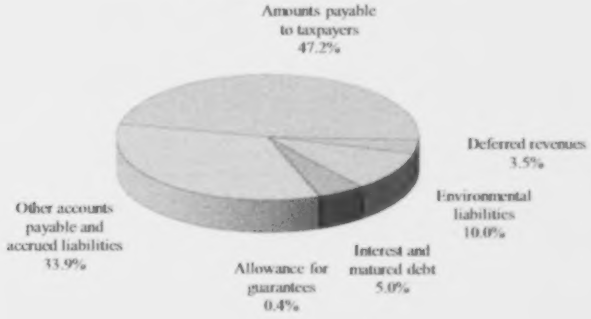
Average Effective Interest Rate on Interest-Bearing Debt



Accounts Payable and Accrued Liabilities

The following chart shows accounts payable and accrued liabilities by category for 2013-2014.

Accounts Payable and Accrued Liabilities by Category for 2013-2014



The Government's accounts payable and accrued liabilities consist of amounts payable to taxpayers based on assessments and estimates of refunds owing for tax assessments not completed by year end; environmental liabilities, which include estimated costs related to the remediation of contaminated sites and the future restoration of certain tangible capital assets; deferred revenue; interest due and matured debt, as well as accrued interest at year end; an allowance for guarantees provided by the Government; and other accounts payable and accrued liabilities. Other accounts payable and accrued liabilities include items such as accrued salaries and benefits, amounts payable to provinces, territories and Aboriginal governments for taxes collected and administered on their behalf in accordance with tax collection agreements, and amounts owing at year end pursuant to contractual arrangements or for work performed or goods received.

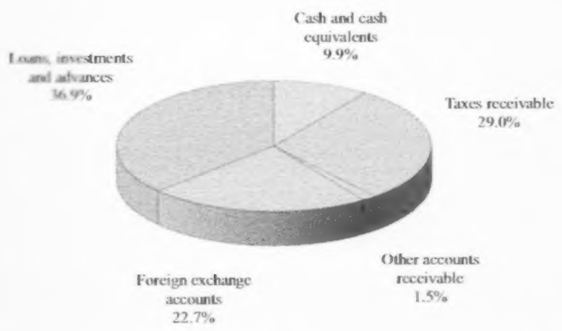
At March 31, 2014, accounts payable and accrued liabilities totalled $111.4 billion, down $7.3 billion from March 31, 2013. This decrease is mainly due to a reduction in other accounts payable and accrued liabilities and amounts payable to taxpayers.

Other accounts payable and accrued liabilities decreased by $5.8 billion in 2013-2014, driven in large part by a $4.1-billion decrease in accounts payable and a $1.6-billion decrease in liabilities under provincial, territorial and Aboriginal tax collection agreements. The decrease in accounts payable is due to a number of factors including the payment of the $1.5-billion final installment to Quebec for sales tax harmonization assistance accrued in 2011-2012 and a $1.1-billion decrease in the allowance for claims under Indian Affairs and Northern Development, reflecting in part the payment of claimant awards related to the Indian Residential Schools Settlement. The decrease in liabilities under tax collection agreements reflects the settlement of prior years' tax assessments and timing differences.

Amounts payable to taxpayers decreased by $2.3 billion in 2013-2014, from $54.9 billion at March 31, 2013 to $52.6 billion at March 31, 2014 due, in part, to British Columbia transitioning out of the Harmonized Sales Tax framework. Environmental liabilities increased by $0.5 billion in 2013-2014, largely reflecting an increase in Atomic Energy of Canada Limited's estimated liability for nuclear decommissioning and waste management. Deferred revenue increased by $0.6 billion in 2013-2014, as the decrease in the liability due to the recognition in revenues of amounts received in prior years was more than offset by the receipt of $1.1 billion in proceeds from the 700 megahertz wireless spectrum auction from January 14, 2014 to February 13, 2014. A remaining $4.2 billion in proceeds from the sale was received after year end. These amounts will be recognized as other program revenues on a straight-line basis over the 20-year term of the licences. Liabilities for interest due and matured debt decreased by $0.4 billion from the prior year, reflecting lower interest rates. The allowance for guarantees provided by the Government decreased by $42 million.

Financial Assets

Financial assets include cash on deposit with the Bank of Canada, chartered banks and other financial institutions, accounts receivable, foreign exchange accounts, and loans, investments and advances. The Government's foreign exchange accounts include foreign currency deposits, investments in gold, and subscriptions and loans to the International Monetary Fund. Proceeds of the Government's foreign currency borrowings are held in the Exchange Fund Account to provide foreign currency liquidity and provide funds needed to promote orderly conditions for the Canadian dollar in the foreign exchange markets. Further details on the management of international reserves are available in the annual *Report on the Management of Canada's Official International Reserves*. The Government's loans, investments and advances include its investments and loans to enterprise Crown corporations, loans to national governments mainly for financial assistance and development of export trade, and loans under the Canada Student Loans Program.



Financial Assets by Category for 2013-2014

At March 31, 2014, financial assets amounted to $318.5 billion, down $19.4 billion from March 31, 2013. The decrease in financial assets is largely due to maturities of assets under the IMPP, offset in part by an increase in the Government's balance of cash and cash equivalents, reflecting increased cash balances held under the prudential liquidity plan, and an increase to the Government's foreign exchange accounts.

At March 31, 2014, cash and cash equivalents totalled $31.4 billion, up $4.1 billion from March 31, 2013. Included in the March 31, 2014 balance of cash and cash equivalents is $20 billion which has been designated as a deposit held with respect to prudential liquidity management.

Taxes receivable increased by $0.4 billion during 2013-2014 to $92.5 billion, while other accounts receivable decreased by $42 million.

Foreign exchange accounts increased by $13.5 billion in 2013-2014, totalling $72.3 billion at March 31, 2014. The increase in foreign exchange accounts is due mainly to growth in foreign exchange reserves held in the Exchange Fund Account, reflecting $6.9 billion in foreign exchange gains and $6.9 billion in additional advances to the Account during the year. Under the Government's prudential liquidity plan, liquid foreign exchange reserves will continue to rise sufficiently to maintain their level at or above 3 percent of GDP.

Loans, investments and advances in enterprise Crown corporations and other government business enterprises decreased by $37.0 billion in 2013-2014. Investments in enterprise Crown corporations and other government business enterprises increased by $3.4 billion, reflecting $5.9 billion in net profits and $2.7 billion in other comprehensive income recorded by these corporations and enterprises during 2013-2014, offset in part by $5.2 billion in dividends paid to the Government. Loans and advances to enterprise Crown corporations decreased by $39.9 billion in 2013-2014, due mainly to a decrease in loans to Crown corporations under the consolidated borrowing framework. This decrease was driven by the repayment of principal on assets maturing under the IMPP administered by CMHC.

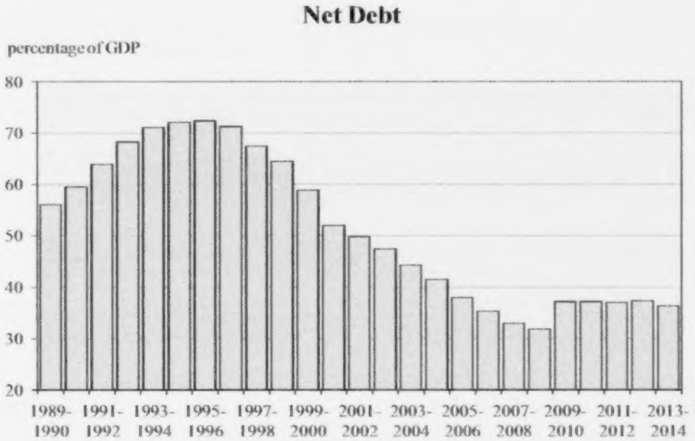
Other loans, investments and advances decreased by $0.3 billion, from $23.1 billion to $22.8 billion.

Since the accumulated deficit reached its post-World War II peak of 67.1 percent of GDP at March 31, 1996, financial assets have increased by $225.8 billion due to higher levels of cash and cash equivalents and accounts receivable (up $76.0 billion), an increase in the foreign exchange accounts (up $53.2 billion) and an increase in loans, investments and advances (up $96.6 billion). The increase in cash and cash equivalents and accounts receivable is largely attributable to growth in taxes receivable, broadly in line with the growth in the applicable tax bases. The increase in the foreign exchange accounts reflects a decision by the Government in the late 1990s and more recently in the 2011-2012 *Debt Management Strategy* to increase liquidity in these accounts. The increase in loans, investments and advances is attributable to several factors including the accumulation of net profits from enterprise Crown corporations, the Government taking over the financing of the Canada Student Loans Program from the chartered banks in 2000, and the issuance of direct loans to Crown corporations under the Government's consolidated borrowing framework implemented in 2008.

Net Debt

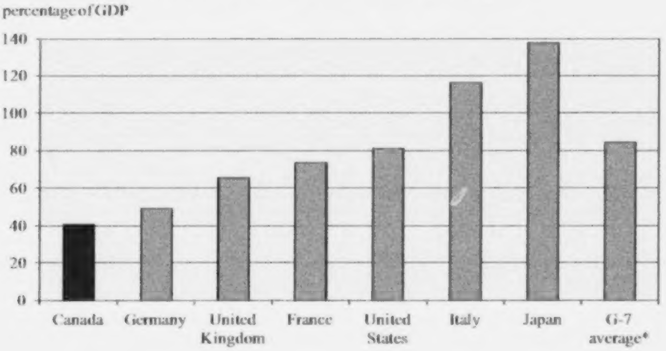
The Government's net debt — its total liabilities less financial assets — stood at $682.3 billion at March 31, 2014. Net debt was 36.3 percent of GDP, down 1 percentage point from a year earlier, and 36.2 percentage points below its peak of 72.5 percent at March 31, 1996.

This ratio measures debt relative to the ability of the country's taxpayers to finance it. Total liabilities are reduced only by financial assets as non-financial assets cannot normally be converted to cash to pay off the debt without disrupting government operations.



Canada Has the Lowest Total Government Net Debt Burden Among G-7 Countries

G-7 Total Government Net Debt, 2013



*Weighted by GDP on a Purchasing Power Parity (PPP) basis.
Source: OECD Economic Outlook, No. 95 (May 2014).

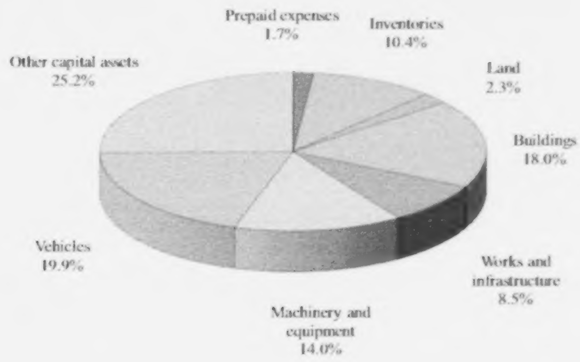
Canada's total government net debt-to-GDP ratio stood at 40.4 percent in 2013, according to the Organisation for Economic Co-operation and Development (OECD). This is the lowest level among G-7 countries and is less than half of the G-7 average, which the OECD estimates stood at 84.3 percent of GDP in that same year.

International comparisons of net debt are made on a total government, National Accounts basis, which for Canada includes the net debt of federal, provincial/territorial and local governments, as well as the net assets held in the Canada Pension Plan and Quebec Pension Plan.

Non-Financial Assets

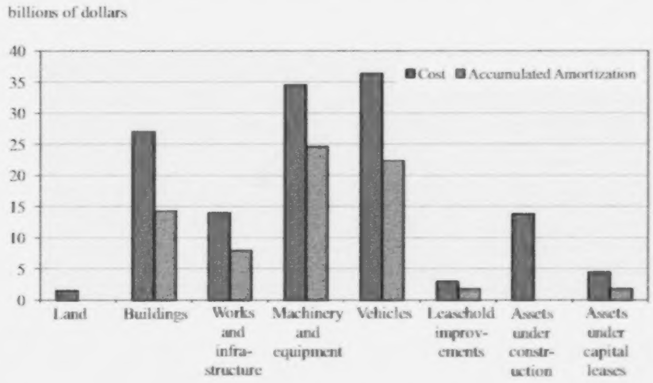
Non financial assets include the net book value of the Government's tangible capital assets, which include land, buildings, works and infrastructure such as roads and bridges, machinery and equipment, ships, aircraft and other vehicles. Non financial assets also include inventories and prepaid expenses.

Non-Financial Assets by Category for 2013-2014



At March 31, 2014, non-financial assets stood at $70.4 billion, up $1.5 billion from a year earlier, primarily due to an increase in tangible capital assets. At March 31, 2014, roughly 61 percent of the original cost of the Government's depreciable tangible capital assets had been amortized, compared to 62 percent a year earlier. Depreciable tangible capital assets exclude land, and assets under construction, which are not yet available for use.

Tangible Capital Asset Cost and Accumulated Amortization



Cash Flow

The annual surplus or deficit is presented on an accrual basis of accounting, recognizing revenue in the period it is earned and expenses when incurred, regardless of when the associated cash is received or paid. In contrast, the Government's net cash flow measures the difference between cash coming in to the Government and cash going out.

In 2013-2014, the Government had a total cash source of $23.2 billion before financing activities, compared to a total cash requirement of $27.3 billion before financing activities in 2012-2013. Operating activities resulted in a net cash requirement of $14.5 billion in 2013-2014, compared to a net cash requirement of $21.6 billion in 2012-2013, reflecting in part the improvement in the budgetary balance. Cash used by capital investment activities decreased by $0.5 billion, from $6.8 billion in 2012-2013 to $6.3 billion in 2013-2014. Cash provided by investing activities increased by $42.9 billion, from $1.1 billion in 2012-2013 to $44.0 billion in 2013-2014, largely reflecting the repayment of principal on assets maturing under the IMPP.

Cash Flow

	2013-2014	2012-2013
	(in millions of dollars)	
Cash used by operating activities	(14,520)	(21,620)
Cash used by capital investment activities	(6,254)	(6,768)
Cash provided by investing activities	43,989	1,106
Total cash provided or (used) before financing activities	*23,215*	*(27,282)*
Cash (used) or provided by financing activities	(19,127)	37,480
Net increase in cash	4,088	10,198
Cash and cash equivalents at beginning of year	27,341	17,143
Cash and cash equivalents at end of year	31,429	27,341

The Government used this financial source of $23.2 billion to reduce market debt, primarily treasury bills, by $19.3 billion and increase its balance of cash and cash equivalents by $4.1 billion.

Risks and Uncertainties

As noted in the budget and related documents, the Government's revenues and expenses are highly sensitive to changes in economic conditions — particularly to changes in economic growth, inflation and interest rates.

To illustrate the impact of changes in economic conditions, the Department of Finance publishes, on a regular basis, sensitivity impacts on the budgetary balance. These are "rules of thumb" as the actual impact will depend on many other factors as well. As published in the February 11, 2014 budget, these show, for example, that:

- A one-year, 1-percentage-point decrease in real GDP growth would lower the budgetary balance by $3.7 billion in the first year, $4.5 billion in the second year, and $6.0 billion in the fifth year.
- A one-year, 1-percentage-point decrease in GDP inflation would lower the budgetary balance by $2.1 billion in the first year, $2.1 billion in the second year, and $1.6 billion in the fifth year.
- A sustained 100-basis-point increase in interest rates would lower the budgetary balance by $0.3 billion in the first year, $1.0 billion in the second year, and $1.5 billion in the fifth year.

While these generalized rules of thumb provide good estimates of the sensitivity of the budgetary balance to small economic changes, it is important to note that some of the estimated relationships would change in response to large economic changes.

Ten Year Comparative Financial Information

The following tables provide a ten year comparison of financial information based on the accounting policies explained in Note 1 to the audited consolidated financial statements in Section 2 of this volume.

Table 1.1

Government of Canada — Detailed Consolidated Statement of Operations and Accumulated Deficit

(in millions of dollars)

	Year ended March 31									
	2005	2006	2007	2008	2009	2010	2011	2012 (2)	2013 (1)	2014
Revenues —										
Tax Revenues —										
Income tax revenues —										
Personal	98,620	103,770	110,575	113,528	116,612	105,040	114,661	120,537	125,728	130,811
Corporate	31,422	33,209	39,361	42,212	31,243	32,247	31,953	33,641	34,986	36,587
Non-resident	3,560	4,529	4,877	5,693	6,298	5,293	5,137	5,300	5,073	6,404
	133,602	*141,508*	*154,813*	*161,433*	*154,153*	*142,580*	*151,751*	*159,478*	*165,787*	*173,802*
Other taxes and duties —										
Goods and services tax	29,758	33,020	31,296	29,920	25,740	26,947	28,379	28,370	28,821	30,998
Energy taxes	5,054	5,076	5,128	5,139	5,161	5,178	5,342	5,328	5,381	5,486
Customs import duties	3,091	3,330	3,704	3,903	4,036	3,490	3,520	3,862	3,979	4,239
Other excise taxes and duties	4,954	4,730	5,189	5,245	4,869	4,958	5,662	5,546	5,370	5,413
	42,857	*46,156*	*45,317*	*44,207*	*39,806*	*40,573*	*42,903*	*43,106*	*43,551*	*46,136*
Total tax revenues	***176,459***	***187,664***	***200,130***	***205,640***	***193,959***	***183,153***	***194,654***	***202,584***	***209,338***	***219,938***
Employment Insurance Premiums	***17,307***	***16,535***	***16,789***	***16,558***	***16,887***	***16,761***	***17,501***	***18,556***	***20,395***	***21,766***
Other Revenues —										
Crown corporations	6,825	7,198	7,503	6,504	7,760	7,622	12,937	12,024	11,448	11,455
Other programs	12,471	10,932	12,261	14,951	16,944	12,920	13,939	14,274	13,952	16,836
Net foreign exchange	1,175	2,014	1,714	1,872	1,736	1,647	1,809	1,669	1,502	1,682
Total other revenues	***20,471***	***20,144***	***21,478***	***23,327***	***26,440***	***22,189***	***28,685***	***27,967***	***26,902***	***29,973***
Total Revenues	**214,237**	**224,343**	**238,397**	**245,525**	**237,286**	**222,103**	**249,840**	**249,107**	**256,635**	**271,677**
Expenses —										
Transfer Payments —										
Old age security benefits, guaranteed income supplement and spouse's allowance	27,871	28,992	30,284	31,955	33,377	34,653	35,629	38,045	40,255	41,786
Major transfer payments to other levels of government —										
Canada health and social transfer	28,031									
Canada health transfer		19,000	20,140	21,474	22,759	24,820	26,031	27,174	28,912	30,543
Canada social transfer		8,225	8,500	9,872	10,568	10,858	11,179	11,514	11,860	12,215
Fiscal arrangements	10,117	9,650	9,856	11,850	12,164	13,490	13,826	15,259	15,595	15,610
Other major transfers	3,779	3,882	3,985	2,923	985	7,772	1,751	2,847	2,003	2,107
	41,927	*40,757*	*42,481*	*46,119*	*46,476*	*56,940*	*52,787*	*56,794*	*58,370*	*60,475*
Employment insurance benefits	14,748	14,417	14,084	14,298	16,308	21,586	19,850	17,647	17,099	17,300
Children's benefits	8,688	9,200	11,214	11,894	11,901	12,340	12,656	12,726	12,975	13,136
Other transfer payments	29,118	28,634	30,693	31,269	34,793	45,949	43,155	37,720	34,862	36,698
Total transfer payments	***122,352***	***122,000***	***128,756***	***135,535***	***142,855***	***171,468***	***164,077***	***162,932***	***163,561***	***169,395***
Other Program Expenses —										
Crown corporations	6,835	5,076	5,109	5,185	5,859	7,400	7,584	8,198	9,512	7,484
Ministries	49,469	50,277	56,835	61,883	63,337	69,419	71,680	73,176	73,106	71,728
Total other program expenses	***56,304***	***55,353***	***61,944***	***67,068***	***69,196***	***76,819***	***79,264***	***81,374***	***82,618***	***79,212***
Total program expenses	***178,656***	***177,353***	***190,700***	***202,603***	***212,051***	***248,287***	***243,341***	***244,306***	***246,179***	***248,607***
Public Debt Charges	***34,118***	***33,772***	***33,945***	***33,325***	***30,990***	***29,414***	***30,871***	***31,080***	***28,871***	***28,220***
Total Expenses	**212,774**	**211,125**	**224,645**	**235,928**	**243,041**	**277,701**	**274,212**	**275,386**	**275,050**	**276,827**
Annual (Surplus) or Deficit	**(1,463)**	**(13,218)**	**(13,752)**	**(9,597)**	**5,755**	**55,598**	**33,372**	**26,279**	**18,415**	**5,150**
Accumulated Deficit at Beginning of Year — as Previously Reported	**496,180**	**494,717**	**481,499**	**467,268**	**457,637**	**463,710**	**519,097**	**551,668**	**583,576**	**602,441**
Accounting Changes and Restatement —										
Unamortized premiums and discounts on the buy-back of bonds									**5,669**	**5,387**
Loans expected to be repaid from future appropriations									**1,795**	**1,563**
Accumulated Deficit at Beginning of Year — as Restated									**591,040**	**609,391**
International Financial Reporting Standards transition adjustment								**3,337**		
Other Comprehensive (Income) or Loss			**(479)**	**(34)**	**318**	**(211)**	**(2,142)**	**2,292**	**(64)**	**(2,660)**
Accumulated Deficit at End of Year	**494,717**	**481,499**	**467,268**	**457,637**	**463,710**	**519,097**	**550,327**	**583,576**	**609,391**	**611,881**

(1) Certain figures have been restated in relation to the unamortized premiums and discounts arising on the buy-back of bonds and the loans expected to be repaid from future appropriations. Details on both these restatements can be found in Note 2, Section 2 of this Volume.

(2) The 2012 Accumulated Deficit at Beginning of Year as previously reported has been adjusted to include the restatement amount of $1,341 million for accumulated sick leave entitlements that was done in the course of the fiscal year 2012-2013.

Table 1.2

Government of Canada — Detailed Consolidated Statement of Financial Position

(in millions of dollars)

	As at March 31 (1)									
	2005	2006	2007	2008	2009	2010	2011	2012 (3)	2013 (2)	2014
Liabilities										
Accounts Payable and Accrued Liabilities —										
Other accounts payable and accrued liabilities	44,049	46,477	49,136	45,398	43,645	53,171	50,830	54,911	43,563	37,787
Amounts payable to taxpayers	35,650	38,402	41,388	49,010	50,845	48,251	48,648	50,952	54,877	52,600
Environmental liabilities	5,624	5,861	6,062	6,669	6,342	6,602	7,745	8,362	10,600	11,143
Deferred revenue	1,996	1,786	1,594	1,602	5,734	5,113	4,512	3,893	3,321	3,920
Interest and matured debt	8,104	7,875	7,516	7,182	6,919	6,853	6,733	6,379	5,955	5,585
Allowance for guarantees	2,317	1,031	815	602	514	535	592	506	428	386
Total accounts payable and accrued liabilities	***97,740***	***101,432***	***106,511***	***110,463***	***113,999***	***120,525***	***119,060***	***125,003***	***118,744***	***111,421***
Interest-bearing Debt —										
Unmatured debt —										
Payable in Canadian currency —										
Marketable bonds	265,798	261,134	257,482	253,550	295,186	367,962	416,080	448,140	469,039	473,319
Treasury bills	127,199	131,597	134,074	116,936	192,275	175,849	162,980	163,221	180,689	152,990
Retail debt	19,080	17,342	15,175	13,068	12,532	11,855	10,141	8,922	7,481	6,327
Bonds for Canada Pension Plan	3,393	3,102	1,743	1,042	523	452	27	11		
	415,470	*413,175*	*408,474*	*384,596*	*500,516*	*556,118*	*589,228*	*620,294*	*657,209*	*632,636*
Payable in foreign currencies	16,286	14,085	10,372	9,498	10,381	8,243	7,628	10,715	10,802	16,030
Cross-currency swap revaluation	(922)	(2,258)	(1,091)	(1,420)	3,690	(4,233)	(5,091)	(4,448)	(3,419)	2,326
Unamortized discounts and premiums on market debt	(6,342)	(6,780)	(6,659)	(6,213)	(4,751)	(5,092)	(4,485)	(4,295)	3,231	3,184
Obligation related to capital leases	2,932	2,927	3,096	4,236	4,184	4,090	3,685	3,633	3,647	3,603
Other unmatured debt							190	453	917	1,179
Total unmatured debt	*427,424*	*421,149*	*414,192*	*390,697*	*514,020*	*559,126*	*591,155*	*626,352*	*672,387*	*658,958*
Pensions and other future benefits —										
Public sector pensions	129,579	131,062	134,726	137,371	139,909	142,843	146,135	148,911	151,667	153,083
Other employee and veteran future benefits	41,549	43,369	45,123	47,901	50,311	54,227	58,206	61,915	67,301	71,409
Total pensions and other future benefits	*171,128*	*174,431*	*179,849*	*185,272*	*190,220*	*197,070*	*204,341*	*210,826*	*218,968*	*224,492*
Due to Canada Pension Plan	2,771	151	54	106	90	175	23	138	68	140
Other liabilities	5,909	5,342	5,157	5,789	5,833	6,412	6,292	6,795	5,978	5,774
Total interest-bearing debt	***607,232***	***601,073***	***599,252***	***581,864***	***710,163***	***762,783***	***801,811***	***844,111***	***897,401***	***889,364***
Total Liabilities	**704,972**	**702,505**	**705,763**	**692,327**	**824,162**	**883,308**	**920,871**	**969,114**	**1,016,145**	**1,000,785**
Financial Assets										
Cash and Accounts Receivable —										
Cash and cash equivalents	20,615	21,149	22,696	13,729	46,985	28,450	14,323	17,143	27,341	31,429
Taxes receivable	53,477	59,113	66,492	65,902	71,911	69,063	78,626	86,006	92,115	92,489
Other accounts receivable	2,254	2,581	3,398	3,247	3,251	3,692	3,958	4,513	4,698	4,656
Total cash and accounts receivable	***76,346***	***82,843***	***92,586***	***82,878***	***122,147***	***101,205***	***96,907***	***107,662***	***124,154***	***128,574***
Foreign Exchange Accounts —										
International reserves held in the Exchange Fund Account	39,114	40,936	44,673	42,904	51,194	53,701	54,041	62,141	63,381	77,365
International Monetary Fund — Subscriptions	11,240	10,673	11,106	10,752	12,011	9,823	9,792	9,842	9,694	10,883
International Monetary Fund — Loans						337	1,139	1,325	1,457	1,665
Less: International Monetary Fund — Notes payable and special drawing rights allocations	9,483	10,782	11,601	11,357	11,496	16,911	16,465	16,311	15,773	17,651
Total foreign exchange accounts	***40,871***	***40,827***	***44,178***	***42,299***	***51,709***	***46,950***	***48,507***	***56,997***	***58,759***	***72,262***
Loans, Investments and Advances —										
Enterprise Crown corporations and other government business enterprises	17,625	20,584	23,683	30,167	104,049	129,523	135,673	130,662	131,785	94,815
Other loans, investments and advances	20,543	21,305	21,411	20,702	21,044	23,158	22,876	22,258	23,134	22,820
Total loans, investments and advances	***38,168***	***41,889***	***45,094***	***50,869***	***125,093***	***152,681***	***158,549***	***152,920***	***154,919***	***117,635***
Total Financial Assets	**155,385**	**165,559**	**181,858**	**176,046**	**298,949**	**300,836**	**303,963**	**317,579**	**337,832**	**318,471**
Net Debt	**549,587**	**536,946**	**523,905**	**516,281**	**525,213**	**582,472**	**616,908**	**651,535**	**678,313**	**682,314**
Non-financial Assets										
Tangible capital assets	48,210	48,355	49,036	51,175	53,326	55,054	57,668	59,047	60,241	61,942
Inventories	5,525	5,875	5,988	6,248	6,348	6,192	6,830	6,996	7,453	7,316
Prepaid expenses	1,135	1,217	1,613	1,221	1,829	2,129	2,083	1,916	1,228	1,175
Total Non-financial Assets	**54,870**	**55,447**	**56,637**	**58,644**	**61,503**	**63,375**	**66,581**	**67,959**	**68,922**	**70,433**
Accumulated Deficit	**494,717**	**481,499**	**467,268**	**457,637**	**463,710**	**519,097**	**550,327**	**583,576**	**609,391**	**611,881**

(1) Certain comparative figures have been reclassified to conform to current year's presentation.

(2) Certain figures have been restated in relation to the unamortized premiums and discounts arising on the buy-back of bonds and the loans expected to be repaid from future appropriations. Details on both these restatements can be found in Note 2, Section 2 of this Volume.

(3) The 2012 Accumulated Deficit at Beginning of Year as previously reported has been adjusted to include the restatement amount of $1,341 million for accumulated sick leave entitlements that was done in the course of the fiscal year 2012-2013.

Table 1.3
Government of Canada — Detailed Consolidated Statement of Change in Net Debt

(in millions of dollars)

	Year ended March 31									
	2005	2006	2007	2008	2009	2010	2011	2012	2013 [1]	2014
Net Debt at Beginning of Year — as Previously Reported	**551,002**	**549,587**	**536,946**	**523,905**	**516,281**	**525,213**	**582,472**	**616,908**	**650,135**	**671,363**
Accounting Changes and Restatement —										
Accumulated sick leave entitlements								1,341	1,400	
Unamortized premiums and discounts on the buy-back of bonds									5,669	5,387
Loans expected to be repaid from future appropriations									1,795	1,563
Net Debt at Beginning of Year — as Restated								**618,249**	**658,999**	**678,313**
International Financial Reporting Standards transition adjustment								**3,337**		
Change in Net Debt during the Year —										
Annual (Surplus) or Deficit	**(1,463)**	**(13,218)**	**(13,752)**	**(9,597)**	**5,755**	**55,598**	**33,372**	**26,279**	**18,415**	**5,150**
Change due to Tangible Capital Assets —										
Acquisition of tangible capital assets	4,619	4,046	4,789	5,957	6,249	7,136	8,061	6,976	7,175	7,129
Amortization of tangible capital assets	(3,696)	(3,904)	(3,807)	(3,954)	(4,176)	(4,418)	(4,756)	(4,859)	(5,184)	(4,865)
Proceeds from disposal of tangible capital assets	(144)	(146)	(202)	(440)	(608)	(297)	(447)	(664)	(407)	(875)
Net (loss) or gain on disposal of tangible capital assets, including adjustments	(317)	149	(99)	576	686	(693)	(244)	(74)	(390)	312
Total change due to tangible capital assets	*462*	*145*	*681*	*2,139*	*2,151*	*1,728*	*2,614*	*1,379*	*1,194*	*1,701*
Change due to Inventories	**(609)**	**350**	**113**	**260**	**100**	**(156)**	**638**	**166**	**457**	**(137)**
Change due to Prepaid Expenses	**195**	**82**	**396**	**(392)**	**608**	**300**	**(46)**	**(167)**	**(688)**	**(53)**
Net (Decrease) or Increase in Net Debt due to Operations	**(1,415)**	**(12,641)**	**(12,562)**	**(7,590)**	**8,614**	**57,470**	**36,578**	**27,657**	**19,378**	**6,661**
Other Comprehensive (Income) or Loss			**(479)**	**(34)**	**318**	**(211)**	**(2,142)**	**2,292**	**(64)**	**(2,660)**
Net (Decrease) or Increase in Net Debt	**(1,415)**	**(12,641)**	**(13,041)**	**(7,624)**	**8,932**	**57,259**	**34,436**	**29,949**	**19,314**	**4,001**
Net Debt at End of Year	**549,587**	**536,946**	**523,905**	**516,281**	**525,213**	**582,472**	**616,908**	**651,535**	**678,313**	**682,314**

[1] Certain figures have been restated in relation to the unamortized premiums and discounts arising on the buy-back of bonds and the loans expected to be repaid from future appropriations. Details on both these restatements can be found in Note 2, Section 2 of this Volume.

Table 1.4
Government of Canada — Detailed Consolidated Statement of Cash Flow

(in millions of dollars)

	Year ended March 31 [1]									
	2005	2006	2007	2008	2009	2010	2011	2012 [3]	2013 [2]	2014
Operating Activities —										
Annual Surplus or (Deficit)	**1,463**	**13,218**	**13,752**	**9,597**	**(5,755)**	**(55,598)**	**(33,372)**	**(26,279)**	**(18,415)**	**(5,150)**
Items not affecting cash —										
Share of annual profit in enterprise Crown corporations and other government business enterprises	(4,853)	(5,041)	(5,336)	(4,256)	(4,773)	(2,306)	(6,992)	(5,350)	(4,995)	(5,945)
Amortization of tangible capital assets	3,696	3,904	3,807	3,954	4,176	4,418	4,756	4,859	5,184	4,865
Net loss or (gain) on disposal of tangible capital assets, including adjustments	317	(149)	99	(576)	(686)	693	244	74	390	(312)
Change in taxes receivable	(5,524)	(5,636)	(7,379)	590	(6,009)	2,848	(9,563)	(7,380)	(6,109)	(374)
Change in pensions and other future benefits	4,201	3,303	5,418	5,423	4,948	6,850	7,271	5,144	8,142	5,524
Change in foreign exchange accounts	3,442	44	(3,351)	1,879	(9,410)	4,759	(1,557)	(8,490)	(1,762)	(13,503)
Change in accounts payable and accrued liabilities	12,528	3,692	5,079	3,952	3,536	6,526	(1,465)	5,943	(6,259)	(7,323)
Change in cross-currency swap revaluation	(1,285)	(1,336)	1,668	(329)	5,110	(7,923)	(858)	643	1,029	5,745
Net change in other accounts	(5,433)	(3,530)	(1,667)	1,797	2,752	2,281	(129)	1,844	1,175	1,953
Cash provided or (used) by operating activities	**8,552**	**8,469**	**12,090**	**22,031**	**(6,111)**	**(37,452)**	**(41,665)**	**(28,992)**	**(21,620)**	**(14,520)**
Capital Investment Activities —										
Acquisition of tangible capital assets	(4,619)	(4,046)	(4,789)	(5,957)	(6,249)	(7,136)	(8,061)	(6,976)	(7,175)	(7,129)
Proceeds from disposal of tangible capital assets	144	146	202	440	608	297	447	664	407	875
Cash used by capital investment activities	**(4,475)**	**(3,900)**	**(4,587)**	**(5,517)**	**(5,641)**	**(6,839)**	**(7,614)**	**(6,312)**	**(6,768)**	**(6,254)**
Investing Activities —										
Enterprise Crown corporations and other government business enterprises —										
Equity transactions	1,669	2,012	2,602	2,436	1,495	(3,226)	2,818	2,684	1,445	5,165
Issuance of loans and advances	(142)	(198)	(3,713)	(5,052)	(132,057)	(119,755)	(76,579)	(63,389)	(65,183)	(70,328)
Repayment of loans and advances	334	331	3,894	435	60,688	99,921	76,677	65,286	66,156	110,259
Issuance of other loans, investments and advances	(8,218)	(6,861)	(16,969)	(6,571)	(6,910)	(21,174)	(5,858)	(7,679)	(5,533)	(5,525)
Repayment of other loans, investments and advances	6,866	5,182	16,475	6,883	5,041	16,620	5,814	6,858	4,221	4,418
Cash provided or (used) by investing activities	**509**	**466**	**2,289**	**(1,869)**	**(71,743)**	**(27,614)**	**2,872**	**3,760**	**1,106**	**43,989**
Total Cash Generated or (Used) Before Financing Activities	**4,586**	**5,035**	**9,792**	**14,645**	**(83,495)**	**(71,905)**	**(46,407)**	**(31,544)**	**(27,282)**	**23,215**
Financing Activities —										
Issuance of Canadian currency borrowings	335,682	363,824	369,354	343,755	531,668	554,892	553,464	567,707	579,456	512,009
Repayment of Canadian currency borrowings	(335,969)	(366,123)	(373,886)	(366,493)	(415,801)	(499,383)	(520,569)	(536,430)	(542,063)	(536,364)
Issuance of foreign currency borrowings	13,608	15,859	11,586	11,099	24,500	22,212	8,195	12,743	7,782	12,011
Repayment of foreign currency borrowings	(17,864)	(18,061)	(15,299)	(11,973)	(23,616)	(24,351)	(8,810)	(9,656)	(7,695)	(6,783)
Cash (used) or provided by financing activities	**(4,543)**	**(4,501)**	**(8,245)**	**(23,612)**	**116,751**	**53,370**	**32,280**	**34,364**	**37,480**	**(19,127)**
Net Increase or (Decrease) in Cash	**43**	**534**	**1,547**	**(8,967)**	**33,256**	**(18,535)**	**(14,127)**	**2,820**	**10,198**	**4,088**
Cash and Cash Equivalents at Beginning of Year	**20,572**	**20,615**	**21,149**	**22,696**	**13,729**	**46,985**	**28,450**	**14,323**	**17,143**	**27,341**
Cash and Cash Equivalents at End of Year	**20,615**	**21,149**	**22,696**	**13,729**	**46,985**	**28,450**	**14,323**	**17,143**	**27,341**	**31,429**

[1] Certain comparative figures have been reclassified to conform to current year's presentation.

[2] Certain figures have been restated in relation to the unamortized premiums and discounts arising on the buy-back of bonds and the loans expected to be repaid from future appropriations. Details on both these restatements can be found in Note 2, Section 2 of this Volume.

[3] The 2012 Accumulated Deficit at Beginning of Year as previously reported has been adjusted to include the restatement amount of $1,341 million for accumulated sick leave entitlements that was done in the course of the fiscal year 2012-2013.

Table 1.5

Government of Canada — Detailed Consolidated Statement of Non-Budgetary Transactions and of Non-Financial Assets

(in millions of dollars)

	Year ended March 31									
	2005	2006	2007	2008	2009	2010	2011	2012[2]	2013[1]	2014
Loans, Investments and Advances —										
Enterprise Crown corporations and other government business enterprises —										
Loans and advances —										
Canada Mortgage and Housing Corporation	190	200	148	258	(57,470)	(10,399)	2,693	2,974	3,472	41,951
Business Development Bank of Canada				(1,000)	(6,284)	(4,961)	(978)	662	(653)	(1,106)
Farm Credit Canada				(3,840)	(7,610)	(4,481)	(1,627)	(1,768)	(1,848)	(855)
Other	2	(67)	33	(35)	(5)	7	10	29	2	(59)
	192	*133*	*181*	*(4,617)*	*(71,369)*	*(19,834)*	*98*	*1,897*	*973*	*39,931*
Investments —										
Share of annual profit	(4,853)	(5,041)	(5,336)	(4,256)	(4,773)	(2,306)	(6,992)	(5,350)	(4,995)	(5,945)
Other comprehensive (income) or loss			(479)	(34)	318	(211)	(2,142)	2,292	(64)	(2,660)
Dividends	1,944	2,027	2,604	2,436	2,095	1,391	2,818	2,028	1,445	5,215
Capital	(275)	(15)	(3)		(600)	(4,617)		656		(50)
Transition adjustment								3,337		
	(3,184)	*(3,029)*	*(3,214)*	*(1,854)*	*(2,960)*	*(5,743)*	*(6,316)*	*2,963*	*(3,614)*	*(3,440)*
Total	(2,992)	(2,896)	(3,033)	(6,471)	(74,329)	(25,577)	(6,218)	4,860	(2,641)	36,491
Less:										
Loans expected to be repaid from future appropriations	39	63	66	32	(473)	(103)	(64)	(119)	(1,519)	(480)
Unamortized discounts and premiums				(19)	26		(4)	(32)		1
Total	(3,031)	(2,959)	(3,099)	(6,484)	(73,882)	(25,474)	(6,150)	5,011	(1,122)	36,970
Other loans, investments and advances —										
Portfolio investments	1,225	(101)			6	2		12	5	
National governments, including developing countries	171	158	80	143	(182)	235	69	40	18	(7)
International organizations	(253)	(224)	(491)	(321)	(905)	(454)	(826)	(704)	(885)	(900)
Provincial and territorial governments	(673)	14	285	899	217	590	257	(849)	803	849
Other loans, investments and advances	(1,822)	(1,524)	(367)	(410)	(1,005)	(4,926)	456	680	(1,254)	(1,049)
Total	(1,352)	(1,677)	(493)	311	(1,869)	(4,553)	(44)	(821)	(1,313)	(1,107)
Less: allowance for valuation	6	(915)	(387)	(398)	(1,527)	(2,440)	(326)	(1,439)	(436)	(1,421)
Total	(1,358)	(762)	(106)	709	(342)	(2,113)	282	618	(877)	314
Total loans, investments and advances	**(4,389)**	**(3,721)**	**(3,205)**	**(5,775)**	**(74,224)**	**(27,587)**	**(5,868)**	**5,629**	**(1,999)**	**37,284**
Pensions and Other Future Benefits —										
Public sector pensions	2,019	1,483	3,664	2,645	2,538	2,934	3,292	2,776	2,757	1,416
Other employee and veteran future benefits	2,182	1,820	1,754	2,778	2,410	3,916	3,979	3,707	5,386	4,108
Total pensions and other future benefits	**4,201**	**3,303**	**5,418**	**5,423**	**4,948**	**6,850**	**7,271**	**6,483**	**8,143**	**5,524**
Other Liabilities —										
Due to Canada Pension Plan	(4,712)	(2,620)	(97)	52	(16)	85	(152)	115	(70)	72
Other liabilities	(579)	(567)	(185)	632	44	579	(120)	503	(817)	(204)
Total other liabilities	**(5,291)**	**(3,187)**	**(282)**	**684**	**28**	**664**	**(272)**	**618**	**(887)**	**(132)**
Non-Financial Assets —										
Tangible capital assets	(462)	(145)	(681)	(2,139)	(2,152)	(1,728)	(2,614)	(1,379)	(1,194)	(1,701)
Inventories	609	(350)	(113)	(260)	(100)	156	(638)	(166)	(458)	137
Prepaid expenses	(195)	(82)	(396)	392	(608)	(300)	46	167	688	53
Total non-financial assets	**(48)**	**(577)**	**(1,190)**	**(2,007)**	**(2,860)**	**(1,872)**	**(3,206)**	**(1,378)**	**(964)**	**(1,511)**
Other Transactions —										
Taxes receivable	(5,524)	(5,636)	(7,379)	590	(6,009)	2,848	(9,563)	(7,380)	(6,109)	(374)
Other accounts receivable	223	(327)	(817)	151	(3)	(441)	(266)	(555)	(185)	42
Provincial, territorial and Aboriginal tax agreements account	1,103	2,316	410	(1,311)	(168)	1,438	241	2,688	(7,130)	(1,584)
Amounts payable to taxpayers	2,610	2,752	2,986	7,622	1,835	(2,594)	397	2,304	3,925	(2,277)
Other liabilities	8,813	(1,376)	1,683	(2,359)	1,869	7,682	(2,103)	951	(3,054)	(3,461)
Total other transactions	**7,225**	**(2,271)**	**(3,117)**	**4,693**	**(2,476)**	**8,933**	**(11,294)**	**(1,992)**	**(12,553)**	**(7,654)**
Total Non-Budgetary Transactions and Non-Financial Assets	**1,698**	**(6,453)**	**(2,376)**	**3,018**	**(74,584)**	**(13,012)**	**(13,369)**	**9,360**	**(8,260)**	**33,511**

[1] Certain figures have been restated in relation to the unamortized premiums and discounts arising on the buy-back of bonds and the loans expected to be repaid from future appropriations. Details on both these restatements can be found in Note 2, Section 2 of this Volume.

[2] The 2012 Accumulated Deficit at Beginning of Year as previously reported has been adjusted to include the restatement amount of $1,341 million for accumulated sick leave entitlements that was done in the course of the fiscal year 2012-2013.

Table 1.6

Government of Canada — Detailed Consolidated Statement of Foreign Exchange, Unmatured Debt and Cash Transactions

(in millions of dollars)

	Year ended March 31									
	2005	2006	2007	2008	2009	2010	2011	2012	2013 [1]	2014
Foreign Exchange Accounts —										
International reserves held in the Exchange Fund Account	2,133	(1,822)	(3,737)	1,769	(8,290)	(2,507)	(340)	(8,100)	(1,240)	(13,984)
International Monetary Fund — Subscriptions	945	567	(433)	354	(1,259)	2,188	31	(50)	148	(1,189)
International Monetary Fund — Loans						(337)	(802)	(186)	(132)	(208)
	3,078	*(1,255)*	*(4,170)*	*2,123*	*(9,549)*	*(656)*	*(1,111)*	*(8,336)*	*(1,224)*	*(15,381)*
Less: International Monetary Fund —										
Special drawing rights allocations	89	113	(48)	43	(154)	(7,766)	30	(48)	139	(1,118)
Notes payable	(453)	(1,412)	(771)	201	14	2,351	416	202	398	(760)
	(364)	*(1,299)*	*(819)*	*244*	*(140)*	*(5,415)*	*446*	*154*	*537*	*(1,878)*
Total foreign exchange accounts	**3,442**	**44**	**(3,351)**	**1,879**	**(9,409)**	**4,759**	**(1,557)**	**(8,490)**	**(1,761)**	**(13,503)**
Unmatured Debt —										
Payable in Canadian currency —										
Marketable bonds	(11,981)	(4,664)	(3,652)	(3,932)	41,636	72,776	48,118	32,060	20,899	4,280
Treasury bills	13,821	4,398	2,477	(17,138)	75,339	(16,426)	(12,869)	241	17,468	(27,699)
Retail debt	(2,250)	(1,738)	(2,167)	(2,107)	(537)	(677)	(1,714)	(1,219)	(1,441)	(1,154)
Bonds for Canada Pension Plan	(35)	(291)	(1,359)	(700)	(519)	(71)	(425)	(16)	(11)	
	(445)	*(2,295)*	*(4,701)*	*(23,877)*	*115,919*	*55,602*	*33,110*	*31,066*	*36,915*	*(24,573)*
Payable in foreign currencies	(4,256)	(2,201)	(3,713)	(875)	883	(2,138)	(615)	3,087	87	5,228
Cross-currency swap revaluation	(1,283)	(1,336)	1,167	(329)	5,110	(7,923)	(858)	643	1,029	5,745
Unamortized discounts and premiums on market debt	(732)	(438)	121	446	1,462	(341)	607	190	7,526	(47)
Obligation related to capital leases	158	(5)	169	1,140	(51)	(94)	(405)	(52)	13	(44)
Other unmatured debt							190	263	464	262
Total unmatured debt	**(6,560)**	**(6,275)**	**(6,957)**	**(23,495)**	**123,323**	**45,106**	**32,029**	**35,197**	**46,034**	**(13,429)**
Cash and Cash Equivalents at End of Year —										
In Canadian currency	20,607	21,152	22,701	13,733	46,989	28,124	13,902	16,493	27,130	31,415
In foreign currencies	8	(3)	(5)	(4)	(4)	326	421	650	211	14
Total cash and cash equivalents	**20,615**	**21,149**	**22,696**	**13,729**	**46,985**	**28,450**	**14,323**	**17,143**	**27,341**	**31,429**

[1] Certain figures have been restated in relation to the unamortized premiums and discounts arising on the buy-back of bonds and the loans expected to be repaid from future appropriations. Details on both these restatements can be found in Note 2, Section 2 of this Volume.

Glossary of Terms

The following terms are used in this section and throughout the consolidated financial statements in Section 2 of this Volume. The definitions are taken from the following primary sources:

— TERMIUM at www.termiumplus.gc.ca/
— The *CPA Canada Public Sector Accounting Handbook*
— Glossary of Frequently-Used Terms, Finance Canada

Accounts of Canada —

The centralized record of the financial transactions of the Government of Canada, maintained by the Receiver General. The accounts of Canada summarize revenues, expenses, assets and liabilities transactions.

Accrued Benefit Obligation —

The value of future benefits attributed to services rendered by employees and former employees to the accounting date.

Accumulated Deficit —

The accumulated net total of all past federal deficits and surpluses since Confederation plus accumulated other comprehensive income. The accumulated deficit is also equal to total liabilities less total assets – both financial and non-financial.

Actuarial Valuation for Accounting Purposes —

An assessment of the financial status of a benefit plan. It consists of the valuation of assets held to discharge the benefit liability and calculation of the actuarial present value of benefits to be paid under the plan. The valuation results in a calculation of the required future contributions or payments and a determination of any gains or losses since the last valuation.

Allowance —

Estimated potential losses on the realization of government financial claims or estimated financial obligations that would not otherwise be recorded in the financial statements.

Appropriation —

Any authority of Parliament to pay money out of the Consolidated Revenue Fund.

Capital Lease —

A lease that, from the point of view of the lessee, transfers substantially all the benefits and risks incident to ownership of property to the lessee.

Consolidated Revenue Fund —

The aggregate of all public moneys that are on deposit at the credit of the Receiver General for Canada.

Consumer Price Index (CPI) —

A measure of price changes produced by Statistics Canada on a monthly basis. The CPI measures the retail prices of a "shopping basket" of about 300 goods and services including food, housing, transportation, clothing and recreation. The index is "weighted", meaning that it gives greater importance to price changes for some products than others – more to housing, for example, than to entertainment – in an effort to reflect typical spending patterns. Increases in the CPI are also referred to as increases in the cost of living.

Contingent Liability —

A potential debt which may become an actual financial obligation if certain events occur or fail to occur.

Contractual Obligation —

A written obligation to outside organizations or individuals as a result of a contract.

Deficit —

The amount by which government expenses exceed revenue in any given year.

Defined Benefit Pension Plan —

A plan that specifies either the benefits to be received by employees after retirement or the method for determining those benefits.

Enterprise Crown Corporation —

A corporation which is not dependent on parliamentary appropriations and whose principal activity and source of revenues are the sale of goods and/or services to outside parties. An enterprise Crown corporation is ultimately accountable to Parliament, through a minister of the Crown, for the conduct of its affairs.

Financial Assets —

An asset on hand at the end of the accounting period, which could provide resources to discharge existing liabilities or finance future operations. Financial assets include cash and assets that are convertible into cash and are not intended for consumption in the normal course of activities.

Full Accrual Accounting —

The method of recording transactions by which revenues and expenses are reflected in the determination of results for the period in which they are considered to have been earned and incurred, respectively, whether or not such transactions have been settled finally by the receipt or payment of cash or its equivalent.

G-7 (Group of Seven) —

The G-7 consists of the world's seven largest industrial market economies: the United States, Japan, Germany, France, Great Britain, Italy and Canada. The leaders of these countries meet annually to discuss political and economic issues of mutual concern. In addition, G-7 finance ministers meet several times a year to discuss economic policy. Their work is supported by regular, functional meetings of officials, including the G-7 Finance Deputies.

Gross Domestic Product (GDP) —

The total value of all goods and services produced within Canada during a given year. It is a measure of the income generated by production within Canada. Also referred to as annual economic output or, more simply, output. To avoid counting the same output more than once, GDP includes only final goods and services – not those that are used to make another product. GDP would not include the wheat used to make bread, but would include the bread itself.

Net Book Value of Tangible Capital Assets —

The cost of tangible capital assets less both accumulated amortization and the amount of any write-downs.

Net Debt —

The total liabilities of the government less its financial assets.

Non-Financial Assets —

An asset on hand at the end of the accounting period, which could not normally be converted to cash to pay off the debt, without disrupting government operations.

Operating Lease —

A lease in which the lessor retains substantially all the benefits and risks of ownership.

Other comprehensive income —

Other comprehensive income holds any unrealized gains and losses resulting from the change in market value on assets that are classified as available-for-sale, derivative instruments used in hedging activities or actuarial gains and losses on pensions and other employee future benefits.

Public Money —

All money belonging to Canada received or collected by the Receiver General or any other public officer in his official capacity or any person authorized to receive or collect such money.

Real Return Bonds —

These Government of Canada bonds pay semi-annual interest based upon a real interest rate. Unlike standard fixed-coupon marketable bonds, interest payments on real return bonds are adjusted for changes in the consumer price index.

Retail Debt —

Canada Savings Bonds and Canada Premium Bonds.

Surplus —

The amount by which government revenue exceeds expenses in any given year.

Swap —

An agreement that exchanges one type of return or financial instrument for another (e.g. a fixed for a floating rate of interest).

Tangible Capital Asset —

A non-financial asset having physical substance that:

(a) is held for use in the production or supply of goods and services; *(b)* has a useful economic life extending beyond an accounting period; and *(c)* has been acquired to be used on a continuing basis.

Transfer Payments —

A transfer of money from a government to an individual, an organization or another government for which the government making the transfer does not:

(a) receive any goods or services directly in return as would occur in a purchase/sales transaction; *(b)* expect to be repaid in the future, as would be expected in a loan; or *(c)* expect a financial return, as would be expected in an investment.

Section 2

2013-2014

Public Accounts of Canada

Consolidated Financial Statements of the Government of Canada and Report and Observations of the Auditor General of Canada

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Preface to the Consolidated Financial Statements of the Government of Canada

The fundamental purpose of these consolidated financial statements is to provide information to Parliament, and thus to the public, to facilitate an understanding and evaluation of the full nature and extent of the financial affairs and resources for which the Government is responsible. These consolidated financial statements reflect the financial position of the Government at the reporting date, as well as its results of operations, accumulated deficit, change in net debt and cash flow for the year then ended.

The two fundamental concepts underlying the Government's accounting system are found in the Constitution Acts: first, that all duties and revenues received, other than those reserved to the provinces, "shall form One Consolidated Revenue Fund" (CRF); second, that the balance of the CRF, after certain prior charges, "shall be appropriated by the Parliament of Canada".

The right of Canada to raise taxes and revenues is contained in the Constitution Acts, and is given specific form in various Acts passed by Parliament. Revenues can be raised and moneys can be spent or borrowed by the Government only with the authority of Parliament. All receipts of money by departments and agencies must be deposited into the CRF. All disbursements from the CRF for spending on operations, for loans, investments and advances, and for the redemption of matured debt, must be authorized by Parliament, through annual appropriation acts and other statutes.

Wholly-owned Crown corporations that are agents of Her Majesty may only borrow as authorized by Acts of Parliament. Such Acts usually place a ceiling on the amount of borrowings that can be outstanding at any one time. Non-agent Crown corporations and other government business enterprises can borrow without specific parliamentary authority, although such borrowings are sometimes guaranteed by the Government with the authority of Parliament.

The consolidated financial statements of the Government of Canada consist of four statements and accompanying notes.

The first is the **Consolidated Statement of Operations and Accumulated Deficit**, which presents the Government's revenues, expenses, deficit, and other comprehensive loss or income for the year, and the net accumulation of the annual surpluses and deficits since Confederation.

The second is the **Consolidated Statement of Financial Position**, which discloses the Government's cash balance and investments, amounts owing to and by the Government at the end of the year, and the Government's non-financial assets such as its tangible capital assets and inventories. It also presents both the accumulated deficit of the Government and its net debt which is the difference between the Government's total liabilities and its financial assets.

The third is the **Consolidated Statement of Change in Net Debt**, which explains the difference between the Government's annual deficit and the change in the net debt for the year. It reports the extent to which revenues recognized in the year were sufficient, or not sufficient, to offset expenditures, as opposed to the expenses recognized in the annual deficit.

The fourth is the **Consolidated Statement of Cash Flow**, which provides information on the Government's cash provided by or used for operating, capital investment, investing and financing activities.

Other sections in this volume together with Volume II and Volume III of the *Public Accounts of Canada*, provide more detailed supplementary information in respect of matters reported in the consolidated financial statements. The Independent Auditor's Report on the consolidated financial statements does not extend to this supplementary information.

Statement of Responsibility

The consolidated financial statements in this section are prepared by the Government of Canada in accordance with the accounting policies set out in Note 1 to the consolidated financial statements, which are based on Canadian public sector accounting standards, and on a basis consistent with that of the preceding year except for the accounting changes and restatement described in Note 2.

Responsibility for the integrity and objectivity of the consolidated financial statements rests with the Government. The consolidated financial statements are prepared under the joint direction of the President of the Treasury Board, the Minister of Finance, and the Receiver General for Canada in compliance with governing legislation. The consolidated financial statements are prepared on a full accrual basis of accounting whereby assets include both financial and non-financial assets, revenues, including tax revenues are recorded when earned, and expenses include accrued expenses and amortization of tangible capital assets. The information included in these consolidated financial statements is based on the Government's best estimates and judgement, with due consideration given to materiality.

To fulfill its accounting and reporting responsibilities, the Government maintains systems of financial management and internal control which give due consideration to costs, benefits and risks. These systems are designed to provide reasonable assurance that transactions are properly authorized by Parliament, are executed in accordance with prescribed regulations, and are properly recorded so as to maintain accountability of public money and safeguard the assets and properties of Canada under Government administration. The Receiver General for Canada maintains the accounts of Canada, a centralized summary record of the Government's financial transactions. Additional information is obtained as required, from departments, agencies, Crown corporations, other government business enterprises, and other entities to meet accounting and reporting requirements.

The Government presents the consolidated financial statements to the Auditor General of Canada, who audits them and provides an independent audit opinion to the House of Commons. The duties of the Auditor General of Canada in that respect are contained in section 6 of the *Auditor General Act*. Additional information is provided in the observations of the Auditor General of Canada at the end of this section.

Annually, the consolidated financial statements are tabled in the House of Commons as part of the *Public Accounts of Canada*, and are referred to the Standing Committee on Public Accounts, which reports to Parliament on the results of its examination together with any recommendations it may have with respect to the consolidated financial statements and accompanying independent audit opinion.

On behalf of the Government of Canada.

Yaprak Baltacioğlu
Secretary of the Treasury Board of Canada

Paul Rochon
Deputy Minister of Finance

Michelle d'Auray
Deputy Receiver General for Canada

Bill Matthews
Comptroller General of Canada

September 4, 2014

Auditor General of Canada
Vérificateur général du Canada

Independent Auditor's Report

To the House of Commons

Report on the Consolidated Financial Statements

I have audited the accompanying consolidated financial statements of the Government of Canada, which comprise the consolidated statement of financial position as at 31 March 2014, and the consolidated statement of operations and accumulated deficit, consolidated statement of change in net debt and consolidated statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Government's Responsibility for the Consolidated Financial Statements

The Government is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the stated accounting policies of the Government of Canada set out in Note 1 to the consolidated financial statements, which are based on Canadian public sector accounting standards, and for such internal control as the Government determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Government's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Government's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Government, as well as evaluating the overall presentation of the consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Government of Canada as at 31 March 2014, and the results of its operations, changes in its net debt, and its cash flows for the year then ended in accordance with the stated accounting policies of the Government of Canada set out in Note 1 to the consolidated financial statements, which conform with Canadian public sector accounting standards.

Report on Other Legal and Regulatory Requirements

As required by Section 6 of the *Auditor General Act*, I report that, in my opinion, the stated accounting policies of the Government of Canada have been applied, after giving retroactive effect to the change in the method of accounting for the premiums and discounts arising on the buy-back of bonds, as explained in Note 2 to the consolidated financial statements, on a basis consistent with that of the preceding year.

Additional information and comments on the consolidated financial statements and this Report are included in my Observations at the end of Section 2, Volume 1 of the *Public Accounts of Canada 2014*.

Michael Ferguson, CPA, CA
FCA (New Brunswick)
Auditor General of Canada

4 September 2014
Ottawa, Canada

Government of Canada

Consolidated Statement of Operations and Accumulated Deficit for the Year Ended March 31, 2014

(in millions of dollars)

	2014		2013
	Budget	Actual	Actual
	(Note 3)		Restated (Note 2)
Revenues (Note 18)			
Tax Revenues —			
Income tax revenues —			
Personal	131,457	130,811	125,728
Corporate	34,601	36,587	34,986
Non-resident	5,447	6,404	5,073
Total income tax revenues	***171,505***	***173,802***	***165,787***
Other taxes and duties —			
Goods and services tax	29,934	30,998	28,821
Energy taxes	5,253	5,486	5,381
Customs import duties	3,999	4,239	3,979
Other excise taxes and duties	5,693	5,413	5,370
Total other taxes and duties	***44,879***	***46,136***	***43,551***
Total Tax Revenues	***216,384***	***219,938***	***209,338***
Employment Insurance Premiums	***21,887***	***21,766***	***20,395***
Other Revenues —			
Crown corporations	9,911	11,455	11,448
Other programs	14,868	16,836	13,952
Net foreign exchange	1,444	1,682	1,502
Total Other Revenues	***26,223***	***29,973***	***26,902***
Total Revenues	**264,494**	**271,677**	**256,635**
Expenses (Note 4 and Note 18)			
Transfer Payments —			
Old age security benefits, guaranteed income supplement and spouse's allowance	41,964	41,786	40,255
Major transfer payments to other levels of government	60,254	60,475	58,370
Employment insurance benefits	18,311	17,300	17,099
Children's benefits	13,126	13,136	12,975
Other transfer payments	37,386	36,698	34,862
Total Transfer Payments	***171,041***	***169,395***	***163,561***
Other Program Expenses —			
Crown corporations	7,264	7,484	9,512
Ministries	75,150	71,728	73,106
Total Other Program Expenses	***82,414***	***79,212***	***82,618***
Total Program Expenses	***253,455***	***248,607***	***246,179***
Public Debt Charges	***29,048***	***28,220***	***28,871***
Total Expenses	**282,503**	**276,827**	**275,050**
Annual Deficit	**18,009**	**5,150**	**18,415**
Accumulated Deficit at Beginning of Year — as Previously Reported		**602,441**	**583,576**
Accounting Changes and Restatement (Note 2) —			
Unamortized premiums and discounts on the buy-back of bonds		5,387	5,669
Loans expected to be repaid from future appropriations		1,563	1,795
Accumulated Deficit at Beginning of Year — as Restated	**609,391**	**609,391**	**591,040**
Other Comprehensive Income (Note 5 and Note 12)		**(2,660)**	**(64)**
Accumulated Deficit at End of Year (Note 5)	**627,400**	**611,881**	**609,391**

The accompanying notes are an integral part of these consolidated statements.
Details can be found in other sections (unaudited) of this volume.

Government of Canada

Consolidated Statement of Financial Position as at March 31, 2014

(in millions of dollars)

	2014	2013 Restated (Note 2)
Liabilities		
Accounts Payable and Accrued Liabilities —		
Other accounts payable and accrued liabilities (Note 17)	37,787	43,563
Amounts payable to taxpayers	52,600	54,877
Environmental liabilities (Note 17)	11,143	10,600
Deferred revenue	3,920	3,321
Interest and matured debt	5,585	5,955
Allowance for guarantees (Note 17)	386	428
Total Accounts Payable and Accrued Liabilities	***111,421***	***118,744***
Interest-Bearing Debt —		
Unmatured debt (Note 6)	658,958	672,387
Pensions and other future benefits —		
Public sector pensions (Note 7)	153,083	151,667
Other employee and veteran future benefits (Note 7)	71,409	67,301
Total pensions and other future benefits	*224,492*	*218,968*
Other liabilities (Note 8)	5,914	6,046
Total Interest-Bearing Debt	***889,364***	***897,401***
Total Liabilities	**1,000,785**	**1,016,145**
Financial Assets		
Cash and Accounts Receivable —		
Cash and cash equivalents (Note 9)	31,429	27,341
Taxes receivable (Note 10)	92,489	92,115
Other accounts receivable (Note 10)	4,656	4,698
Total Cash and Accounts Receivable	***128,574***	***124,154***
Foreign Exchange Accounts (Note 11)	***72,262***	***58,759***
Loans, Investments and Advances —		
Enterprise Crown corporations and other government business enterprises (Note 5, Note 12 and Note 17)	94,815	131,785
Other loans, investments and advances (Note 13)	22,820	23,134
Total Loans, Investments and Advances	***117,635***	***154,919***
Total Financial Assets	**318,471**	**337,832**
Net Debt	**682,314**	**678,313**
Non-Financial Assets		
Tangible capital assets (Note 14)	61,942	60,241
Inventories	7,316	7,453
Prepaid expenses	1,175	1,228
Total Non-Financial Assets	**70,433**	**68,922**
Accumulated Deficit (Note 5)	**611,881**	**609,391**

Contractual Obligations and Contingent Liabilities (Note 16 and Note 17)

The accompanying notes are an integral part of these consolidated statements.
Details can be found in other sections (unaudited) of this volume.
Certain comparative figures have been reclassified to conform to the current year's presentation.

Government of Canada

Consolidated Statement of Change in Net Debt for the Year Ended March 31, 2014

(in millions of dollars)

	2014		2013
	Budget (Note 3)	Actual	Actual Restated (Note 2)
Net Debt at Beginning of Year — as Previously Reported		**671,363**	**651,535**
Accounting Changes and Restatement (Note 2) —			
Unamortized premiums and discounts on the buy-back of bonds		5,387	5,669
Loans expected to be repaid from future appropriations		1,563	1,795
Net Debt at Beginning of Year — as Restated	**678,313**	**678,313**	**658,999**
Change in Net Debt During the Year —			
Annual Deficit	**18,009**	**5,150**	**18,415**
Changes due to Tangible Capital Assets —			
Acquisition of tangible capital assets	7,886	7,129	7,175
Amortization of tangible capital assets	(5,333)	(4,865)	(5,184)
Proceeds from disposal of tangible capital assets	(400)	(875)	(407)
Net gain (loss) on disposal of tangible capital assets, including adjustments		312	(390)
Total Change due to Tangible Capital Assets	***2,153***	***1,701***	***1,194***
Change due to Inventories		**(137)**	**457**
Change due to Prepaid Expenses		**(53)**	**(688)**
Net Increase in Net Debt due to Operations	**20,162**	**6,661**	**19,378**
Other Comprehensive Income (Note 5 and Note 12)		**(2,660)**	**(64)**
Net Increase in Net Debt	**20,162**	**4,001**	**19,314**
Net Debt at End of Year	**698,475**	**682,314**	**678,313**

The accompanying notes are an integral part of these consolidated statements.
Details can be found in other sections (unaudited) of this volume.

Government of Canada

Consolidated Statement of Cash Flow for the Year Ended March 31, 2014

(in millions of dollars)

	2014	2013 Restated (Note 2)
Operating Activities —		
Annual Deficit	**(5,150)**	**(18,415)**
Items not affecting cash —		
Share of annual profit in enterprise Crown corporations and other government business enterprises	(5,945)	(4,995)
Amortization of tangible capital assets	4,865	5,184
Net (gain) loss on disposal of tangible capital assets, including adjustments	(312)	390
Change in taxes receivable	(374)	(6,109)
Change in pensions and other future benefits	5,524	8,142
Change in foreign exchange accounts	(13,503)	(1,762)
Change in accounts payable and accrued liabilities	(7,323)	(6,259)
Change in cross-currency swap revaluation	5,745	1,029
Net change in other accounts	1,953	1,175
Cash Used by Operating Activities	***(14,520)***	***(21,620)***
Capital Investment Activities —		
Acquisition of tangible capital assets	(7,129)	(7,175)
Proceeds from disposal of tangible capital assets	875	407
Cash Used by Capital Investment Activities	***(6,254)***	***(6,768)***
Investing Activities —		
Enterprise Crown corporations and other government business enterprises —		
Equity transactions	5,165	1,445
Issuance of loans and advances	(70,328)	(65,183)
Repayment of loans and advances	110,259	66,156
Issuance of other loans, investments and advances	(5,525)	(5,533)
Repayment of other loans, investments and advances	4,418	4,221
Cash Provided by Investing Activities	***43,989***	***1,106***
Financing Activities —		
Issuance of Canadian currency borrowings	512,009	579,456
Repayment of Canadian currency borrowings	(536,364)	(542,063)
Issuance of foreign currency borrowings	12,011	7,782
Repayment of foreign currency borrowings	(6,783)	(7,695)
Cash (Used) or Provided by Financing Activities	***(19,127)***	***37,480***
Net Increase in Cash	**4,088**	**10,198**
Cash and Cash Equivalents at Beginning of Year	***27,341***	***17,143***
Cash and Cash Equivalents at End of Year (Note 9)	***31,429***	***27,341***
Supplementary Information		
Cash used for interest	16,123	16,411

The accompanying notes are an integral part of these consolidated statements.
Details can be found in other sections (unaudited) of this volume.

Notes to the Consolidated Financial Statements of the Government of Canada

1. Summary of Significant Accounting Policies

Reporting entity

The reporting entity of the Government of Canada includes all of the government organizations which comprise the legal entity of the Government as well as other government organizations, including Crown corporations, which are separate legal entities but are controlled by the Government. For financial reporting purposes, control is defined as the power to govern the financial and operating policies of an organization with benefits from the organization's activities being expected, or the risk of loss being assumed by the Government. All organizations defined as departments and as Crown corporations in the *Financial Administration Act* are included in the reporting entity. Other organizations not listed in the *Financial Administration Act* may also meet the definition of control and they are included in the Government's reporting entity if their revenues, expenses, assets or liabilities are significant.

The financial activities of all of these entities, except for enterprise Crown corporations and other government business enterprises, are consolidated in these financial statements on a line-by-line and uniform basis of accounting after eliminating significant inter-governmental balances and transactions. Enterprise Crown corporations and other government business enterprises, which are not dependent on the Government for financing their activities, are recorded under the modified equity method.

The Canada Pension Plan (CPP), which includes the assets of CPP under the administration of the Canada Pension Plan Investment Board, is excluded from the reporting entity because changes to CPP require the agreement of two thirds of participating provinces and it is therefore not controlled by the Government.

Basis of accounting

These consolidated financial statements are prepared using the Government's accounting policies stated below, which are based on Canadian public sector accounting standards. The presentation and results using the stated accounting policies do not result in any significant differences from Canadian public sector accounting standards.

Revenues

The Government reports revenues on an accrual basis. Tax revenues are non-exchange transactions, which are generally derived from exchange transactions between third parties.

Tax revenues are recognized in the period in which the taxable event occurs and when they are authorized by legislation or the ability to assess and collect the tax has been provided through legislative convention.

Tax revenues are measured from amounts assessed and from estimates of amounts not yet assessed based on cash received. Annual revenues also include adjustments between the estimated revenues of previous years and actual amounts, as well as revenues from reassessments relating to prior years. Revenues do not include estimates of unreported taxes, or the impact of future reassessments that cannot yet be reliably determined.

Income tax revenue is recognized when the taxpayer has earned the income subject to the tax.

Domestic goods and services tax revenue is recognized at the time of the sale of goods or the provision of services.

Customs duties and goods and services tax revenue on imports is recognized when goods are authorized to enter Canada.

Excise tax revenue is recognized when a taxpayer sells goods taxable under the *Excise Act*.

Excise duties revenue is recognized when the taxpayer manufactures goods taxable under the *Excise Act*.

Tax collected on behalf of the provincial/territorial governments is not included in Tax Revenue. It is recorded as payable to the provincial/territorial governments and distributed by the Department of Finance in accordance with associated agreements.

Tax expenditures that reduce taxes paid or payable are considered tax concessions and are netted against the applicable tax revenue. As foregone revenue, tax concessions do not give rise to assets or expenses of the taxing government. Tax expenditures that provide a financial benefit through the tax system, and are not related to the relief of taxes paid or payable, are shown as other transfer payments and are not netted against tax revenue.

Tax revenues that were not collected at year end and refunds that were not yet disbursed are reported respectively as taxes receivable and amounts payable to taxpayers on the Consolidated Statement of Financial Position. These amounts also include other receivables and payables for amounts collected through the tax system such as provincial and territorial taxes, Employment Insurance premiums and Canada Pension Plan contributions.

Employment Insurance premiums are recognized as revenue in the period the insurable earnings are earned.

Other revenues are recognized in the period to which they relate.

Expenses

The Government has three major types of expenses: transfer payments, other program expenses and public debt charges. All of the expenses are reported on an accrual basis.

Transfer payments are recorded as expenses when the recipients have met all the eligibility criteria and the transfers are authorized by the consolidated financial statements date. In the case of transfers which do not form part of an existing program, the transfers are considered to be authorized when the Government announces a decision to make a non-recurring transfer, provided the enabling legislation or authorization for payment receives parliamentary approval prior to the completion of the consolidated financial statements.

Other program expenses are generally recorded when goods are received or services are rendered and include expenses related to personnel, professional and special services, repair and maintenance, utilities, materials and supplies, as well as amortization of tangible capital assets. Provisions to reflect changes in the value of assets or liabilities, such as provisions for bad debt, loans, investments and advances and inventory obsolescence, as well as utilization of inventories and prepaid expenses are also included in other program expenses. Public sector pensions and other employee and veteran future benefits, which comprise a portion of personnel expenses, are recorded as employees render services using the projected benefit method prorated on service, except for: veteran future benefits and workers' compensation where benefits are accrued on an event driven basis; accumulated sick leave entitlements where benefits are recognized using an accrued benefit method; and plan amendments related to past services, curtailments and settlements where costs are recorded when approved or paid.

Public debt charges are recorded when incurred and include interest, servicing costs, costs of issuing new borrowings, amortization of premiums and discounts on market debt including amounts arising on the extinguishment of debt, as well as interest on public sector pensions and other employee and veteran future benefits.

Cash and cash equivalents

Cash consists of public moneys on deposit and cash in transit less outstanding cheques and warrants. Cash equivalents consist mainly of term deposits usually not exceeding 31 days.

Foreign exchange accounts

Short-term deposits, marketable securities and special drawing rights held in the foreign exchange accounts are recorded at cost. Marketable securities are adjusted for amortization of purchase discounts and premiums. Purchases and sales of securities are recorded at the settlement date. Transaction costs are expensed as incurred for all classes of financial instruments.

Investment income earned with respect to foreign accounts as well as write-downs to reflect other than temporary impairment in the fair value of securities are included in net foreign exchange revenues on the Consolidated Statement of Operations and Accumulated Deficit. Canada's subscriptions to the capital of the International Monetary Fund and loans to the International Monetary Fund are recorded at cost.

Loans, investments and advances

Investments in enterprise Crown corporations and other government business enterprises, which include the net assets and liabilities of enterprise Crown corporations and other government business enterprises, are recorded under the modified equity method whereby the cost of the Government's equity is reduced by dividends received and adjusted to include the annual profits and losses of these corporations, after elimination of unrealized inter-organizational gains and losses. All of these corporations follow International Financial Reporting Standards (IFRS) used by publicly accountable enterprises. Under the modified equity method, the corporations' accounts are not adjusted to the Government's basis of accounting and other comprehensive income or loss of enterprise Crown corporations and other government business enterprises is recorded directly to the Government's accumulated deficit and net debt.

Some enterprise Crown corporations provide loans to borrowers outside the reporting entity of the Government. Some of these loans will be repaid through future appropriations of the Government under various subsidy programs which provide funds directly related to the repayment of the loan. For these loans receivable, a valuation allowance for the amount expected to be repaid from future appropriations is recorded to reduce their carrying value to an amount that approximates the amount to be recovered from sources outside the reporting entity of the Government.

Other loans, investments and advances are initially recorded at cost and are adjusted to reflect the concessionary terms of loans made on a long-term, low interest or interest-free basis.

When necessary, an allowance for valuation is recorded to reduce the carrying value of other loans, investments and advances to amounts that approximate their net realizable value. The allowance for valuation for other loans, investments and advances, reflects the possibility of losses associated with potential default on these exposures. The determination of the valuation allowance considers the credit risk of borrowers, collateral provided as well as previous repayment history. When they are determined to be uncollectible, other loans, investments and advances are written off. Subsequent recoveries are recorded as revenue when received.

Non-financial assets

The costs of acquiring land, buildings, equipment and other capital property are capitalized as tangible capital assets and, except for land, are amortized to expense over the estimated useful lives of the assets. For certain tangible capital assets where the costs are not readily available, such as older buildings, estimated current costs have been extrapolated retrospectively in a systematic and rational manner to approximate original costs. Assets acquired under capital leases are recorded at the present value of the minimum lease payments using the appropriate discount rate, which is usually the lower of the implicit interest rate in the lease or the Consolidated Revenue Fund term lending rate at the inception of the lease. These assets are amortized over the lease term or over the estimated useful life of the asset if the lease term contains terms that allow ownership to pass to the Government or a bargain purchase option. The corresponding lease obligations are recorded under unmatured debt on the Consolidated Statement of Financial Position. When conditions indicate that a tangible capital asset no longer contributes to the government's ability to provide goods and services, or that the value of future economic benefits associated with the tangible capital asset is less than its net book value, the cost of the tangible capital asset is reduced to reflect the decline in the asset's value.

Tangible capital assets do not include immovable assets located on reserves as defined in the *Indian Act*, the cost of works of art and museum collections and Crown land to which no acquisition cost is attributable. Intangible assets are also not recognized in the consolidated financial statements. In addition, acquisitions of works of art and museum collections consisting mainly of paintings, sculptures, drawings, prints, photographs, monuments, films and videos are expensed in the fiscal year in which they are acquired.

Inventories are valued at cost and are comprised of spare parts and supplies held for future program delivery and are not primarily intended for resale. Inventories that no longer have service potential are valued at the lower of cost or net realizable value. Items for which the costs are not readily available are valued using management's best estimate of original cost, based on available information.

Non-financial assets are not taken into consideration when determining the net debt of the Government, but rather are deducted from the net debt to determine the accumulated deficit.

Unmatured debt

Unmatured debt consists of market debt, cross currency swap revaluations, the obligation related to capital leases and other unmatured debt. Market debt is recorded at face value and is adjusted by discounts and premiums which are amortized on a straight line basis over the term to maturity of the respective debt instrument. The corresponding amortization is recorded in public debt charges. When a marketable bond is exchanged or repurchased, and the transaction results in an extinguishment of the debt, the difference between the carrying amount of the debt instrument and the net consideration paid is recognized as a gain or loss in the Consolidated Statement of Operations and Accumulated Deficit, and the debt instrument is derecognized. An extinguishment occurs on the repurchase of bonds, or when there is an exchange of bonds with an existing bond holder and the terms of the original debt and the replacement debt are substantially different. Exchanged bonds are considered to have substantially different terms when the discounted present value of the cash flows under the new terms, including any amounts paid on the exchange, and discounted using the average effective interest rate of the original debt, is at least 10 percent different from the discounted present value of the remaining cash flows of the original debt. If an exchange of bonds with an existing bond holder does not result in an extinguishment, the carrying amount of the debt is adjusted for any amounts paid on the exchange, and the unamortized premiums or discounts relating to the original debt and arising on the exchange transaction are amortized over the remaining term to maturity of the replacement debt on a straight line basis. The Government's holdings of its own securities, if any, are deducted from market debt to report the liability to external parties. The Government does not specifically borrow on behalf of enterprise Crown corporations. Consequently, there is no netting of outstanding market debt and loans to these corporations.

Cross currency swap revaluations consist of unrealized gains or losses due to fluctuations in the foreign exchange value of the cross currency swaps entered into by the Government.

The obligation related to capital leases represents the present values of the remaining minimum lease payments under capital lease agreements. The corresponding assets under capital leases are recorded under tangible capital assets on the Consolidated Statement of Financial Position.

Public sector pensions and other employee and veteran future benefits

Public sector pensions and other employee and veteran future benefits are measured on an actuarial basis. The actuarial valuations estimate the current value of benefits earned and use various actuarial assumptions in the process. When actual experience of the plans varies from estimates or when actuarial assumptions change, actuarial gains or losses arise. Due to their tentative nature and because further adjustments will likely be required in the future, actuarial gains and losses are not recognized immediately but rather over the expected average remaining service life (EARSL) of the employees, which varies across plans, or the average remaining life expectancy (ARLE) of the benefit recipients under war time veteran plans. Recognition of actuarial gains and losses commences in the year following the effective date of the related actuarial valuations. In addition, an unrecognized net actuarial loss is recognized immediately upon a plan amendment, up to the one-time past service cost reduction; similarly, an unrecognized net actuarial gain is recognized immediately up to the one-time past service cost. The unrecognized net actuarial loss or gain, relating to the obligation that is curtailed or settled, is recognized immediately upon a plan curtailment or settlement.

Investments held by the Public Sector Pension Investment Board (PSPIB) are valued at market related value, a five-year smoothed value. Under this method, the expected return on investments is recorded immediately while the difference between the expected and the actual return on investments is recorded over a five-year period through actuarial gains and losses. The market related value of investments is adjusted, if necessary, to ensure that it does not fall outside a limit of plus or minus 10 percent of the market value of investments at year end; any difference is recorded immediately through actuarial gains and losses.

Contributions receivable from employees for past service buy-back elections are discounted to approximate their fair value.

Contingent liabilities

Contingent liabilities, including the allowance for guarantees, are potential liabilities which may become actual liabilities when one or more future events occur or fail to occur. If the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued as part of other accounts payable and accrued liabilities and an expense recorded to other program expenses. If the likelihood is not determinable or an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the consolidated financial statements.

For guarantees, the amount of the allowance is estimated taking into consideration the nature of the guarantee, loss experience and current conditions. The allowance is reviewed on an ongoing basis and changes in the allowance are recorded as expenses in the year they become known.

Environmental liabilities

Environmental liabilities consist of estimated costs related to the remediation of environmentally contaminated sites as well as estimated costs related to obligations associated with future asset restoration and other environmental liabilities.

A liability for remediation of contaminated sites is recognized when an environmental standard exists, contamination exceeds the environmental standard, the government is directly responsible or accepts responsibility, it is expected that future economic benefits will be given up and a reasonable estimate of the amount can be made. An obligation for remediation of contaminated sites is not recognized as a liability unless all criteria above are satisfied. The liability reflects the Government's best estimate of the amount required to remediate the sites to the current minimum standard for its use prior to contamination. When the cash flows required to settle or otherwise extinguish a liability are expected to occur over extended future periods, a present value technique is used.

Future asset restoration obligations are recorded as accrued liabilities to recognize the estimated costs related to the restoration of tangible capital assets and the risk management of unexploded explosive ordnance (UXO) affected legacy sites. These costs are usually capitalized and amortized over the asset's estimated useful life based on the Government's best estimates of the cost to meet obligations imposed by legislation, regulation or contractual agreement where the Government is obligated, or is likely to be obligated to restore the tangible asset. The liability reflects the present value of estimated future cash flows required to restore the assets where amounts can be reasonably estimated and is expected to be settled as the related sites, facilities or assets are removed from service.

The recorded liabilities are adjusted each year for the passage of time, new obligations, changes in management estimates and actual costs incurred.

If the likelihood of the Government's responsibility is not determinable, a contingent liability is disclosed in the notes to the consolidated financial statements.

Foreign currency translation

Transactions involving foreign currencies are translated into Canadian dollar equivalents using rates in effect at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated using rates at March 31. Gains and losses resulting from foreign currency translation are reported on the Consolidated Statement of Operations and Accumulated Deficit according to the activities to which they relate. Net gains and losses relating to the foreign exchange accounts, foreign debt, swap and foreign exchange forward agreement revaluations are presented with investment revenues from foreign exchange accounts under net foreign exchange revenues. Net gains and losses relating to loans, investments and advances are presented with the return on investments from these loans, investments and advances under other program revenues. Net gains and losses relating to transfer payments are reported in the transfer payment expenses under other transfer payments. Net gains and losses relating to departmental sale or purchase of goods or services in foreign currency are reported in ministry expenses under other program expenses.

Use of estimates and measurement uncertainty

The preparation of consolidated financial statements requires the Government to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. By their nature, these estimates are subject to measurement uncertainty. They are based on facts and circumstances available at the time estimates and assumptions are made, historical loss experience and general economic conditions. The effect of changes to such estimates and assumptions in future periods could be significant to the consolidated financial statements. Significant estimates in these consolidated financial statements affect the accrual of tax revenues and the related amounts receivable and payable, as well as the allowance for doubtful accounts, including the liabilities under provincial and territorial tax collection agreements, valuation allowances for loans, investments and advances, obligations for public sector pensions and other employee and veteran future benefits, contingent liabilities, environmental liabilities and other transfer payments.

Other comprehensive income or loss

Other comprehensive income or loss, resulting from the accounting of enterprise Crown corporations and other government business enterprises under the modified equity method, is excluded from the calculation of the Government's annual deficit and is recorded directly to the Government's accumulated deficit and net debt.

Comparative information

Comparative figures have been reclassified to conform to the current year's presentation.

2. Accounting Changes and Restatement

i. Restatement due to a change in accounting policy for unamortized premiums and discounts arising on the buy-back of bonds

The Government of Canada engages in bond buy-back operations in which bonds are exchanged or repurchased and refinanced with similar debt with the intent of sustaining market liquidity. Previously, premiums and discounts arising on the repurchase of bonds in these transactions were deferred and amortized over the remaining life of the old debt or the life of the new debt, whichever was shorter. In 2014, the Government ascertained that the source of GAAP on which this policy was based was no longer relevant. Consequently, a change to the accounting policy was considered necessary in order to provide a more appropriate presentation of these transactions that aligns with the guidance on derecognition of financial liabilities in the approved Public Sector Accounting Standard PS 3450, *Financial Instruments*, and with comparable guidance of other standard setters with similar conceptual frameworks. The Government will adopt PS 3450 on April 1, 2016, in accordance with the transitional provisions of that standard.

Under the new accounting policy for bond buy-back transactions, an exchange or repurchase of debt is considered to be an extinguishment of the financial liability when the transaction is a repurchase of bonds, or when there is an exchange of debt with an existing holder and the terms of the replacement debt are substantially different to those of the original debt. When the financial liability is extinguished, the difference between the carrying amount of the debt instrument and the net consideration paid is recognized in public debt charges. This change in accounting policy has been applied to the Government's financial statements on a retroactive basis.

As a result of this restatement, the opening balances of unmatured debt, net debt and the beginning balance of accumulated deficit of the Government of Canada have increased by $5,387 million ($5,669 million in 2013) creating a decrease in the 2013 annual deficit of $282 million.

ii. Restatement of loans expected to be repaid through future appropriations

The Government of Canada provides loans to external borrowers pursuant to its Social Housing Programs. Some of these loans will be repaid through future appropriations of the Government under various subsidy programs which provide funds directly related to the repayment of the loan. When loans are expected to be wholly or partially repaid through future appropriations provided by the Government, a valuation allowance is established in the consolidated financial statements to reflect the portion of the loans receivable that do not meet the definition of financial assets.

In fiscal year 2014, the Government performed a detailed review of the loans receivable for which a valuation allowance is required. It was determined that the valuation allowance established in prior years did not take into account all relevant loans receivable that are expected to be wholly or partially repaid through future appropriations. Consequently, the Government has corrected the valuation allowance accordingly, resulting in a retroactive restatement of prior years' balances.

As a result of this restatement, the opening balance of Loans, Investments and Advances — Enterprise Crown corporations and other government business enterprises has decreased by $1,563 million ($1,795 million in 2013) and the opening balances of net debt and accumulated deficit of the Government of Canada have increased by $1,563 million ($1,795 million in 2013), creating a decrease in the 2013 annual deficit of $232 million.

In addition, from time to time, the Government refines or modifies the model used to estimate the percentage of loans expected to be repaid through future appropriations. As part of the detailed review noted above, the Government updated its model during the current year. The valuation allowance for loans expected to be repaid through future appropriations increased by $762 million as a result of this change in estimate.

3. Spending and Borrowing Authorities

i. Spending authorities

The authority of Parliament is required before moneys can be spent by the Government. Approvals are given in the form of annually approved limits through appropriation acts or through legislation in the form of statutory spending authority for specific purposes.

The Government uses the full accrual method of accounting to prepare its Budget and present its current consolidated financial statements. However, the spending authorities voted by Parliament remain on an expenditure basis, which uses only a partial accrual method of accounting. During the year, expenditures were made under the authorities indicated in the following table:

	(in millions of dollars)	
	2014	2013
		Restated (Note 2)
Annual spending limits voted by Parliament	94,754	98,647
Expenditures permitted under other legislation	144,470	141,513
Total budgetary expenditures authorized	239,224	240,160
Less: amounts available for use in subsequent years and amounts that have lapsed	9,262	12,343
Total net expenditures	229,962	227,817
Effect of consolidation and full accrual accounting	46,865	47,233
Total expenses	276,827	275,050

The use of budgetary expenditure authorities reported in the preceding table differs from the total expenses reported in the Consolidated Statement of Operations and Accumulated Deficit. The difference is due to various factors. Spending authorities are presented on a partial accrual basis, while the Consolidated Statement of Operations and Accumulated Deficit is prepared on a full accrual basis. The transactions of certain accounts with separate non-budgetary authorities and of certain Crown corporations or other controlled entities are consolidated in the financial statements but are not included in the budgetary expenditure authorities available for use. Transfer payments to organizations within the Government reporting entity are recorded against a budgetary expenditure authority in the year they are disbursed to the organization, but they are recorded as a consolidated expense only when they are disbursed to the ultimate recipient outside of the Government reporting entity. Provisions for valuation of assets and liabilities are also not included in spending authorities.

In addition to the authorities for budgetary expenditures, non-budgetary spending of $211,529 million ($234,236 million in 2013) was authorized for loans, investments and advances. A net amount of $29,703 million ($63,048 million in 2013) was used, an amount of $114 million ($740 million in 2013) lapsed and an amount of $181,712 million ($170,448 million in 2013) is available for use in subsequent years.

Details about the source and disposition of authorities (unaudited) and the details of ministerial expenditures are provided in Volume II of the *Public Accounts of Canada*.

ii. Over-expenditure of spending authorities

There were no over-expenditures of spending authorities in 2013-2014.

iii. Borrowing authorities

The Government may borrow only on the authority of Parliament which is contained in Part IV of the *Financial Administration Act*. Section 43.1 of the *Financial Administration Act* empowers the Governor in Council to authorize the Minister of Finance to borrow money on behalf of Her Majesty in right of Canada. In 2014, the Governor in Council specified $300,000 million ($315,000 million in 2013) to be the maximum aggregate amount of principal that may be borrowed during the fiscal year. The maximum aggregate amount of principal is the sum of *i)* the maximum stock of treasury bills anticipated to be outstanding during the year, *ii)* the total value of refinanced and anticipated new issuances of marketable bonds and retail debt and *iii)* an amount to facilitate intra-year management of the debt and foreign exchange reserves. During the year, $252,122 million ($277,538 million in 2013) of the borrowing authority was used.

iv. Source of budget amounts

The budget amounts included in the Consolidated Statement of Operations and Accumulated Deficit and the Consolidated Statement of Change in Net Debt are derived from the amounts that were budgeted for 2013-2014 in the March 2013 Budget Plan (Budget 2013). To enhance comparability with actual 2013-2014 results, Budget 2013 amounts have been restated to reflect the reclassification of interest owed to taxpayers from interest income to expenses in the *Public Accounts of Canada 2013*. This restatement has resulted in a $603 million increase in budgeted revenues for other programs and a $603 million increase in budgeted ministry expenses, with no overall impact on the budgeted 2013-2014 annual deficit. Budget 2013 amounts have also been adjusted to reflect the restatement of unamortized premiums and discounts arising on the buy-back of bonds. This restatement has resulted in a $696 million decrease in budgeted public debt charges and a corresponding decrease in the budgeted 2013-2014 annual deficit.

Since actual opening numbers of the accumulated deficit and net debt were not available at the time of preparation of Budget 2013, the corresponding amounts in the budget column have been adjusted to the actual closing numbers of the previous years.

4. Expenses

Expenses in the Consolidated Statement of Operations and Accumulated Deficit include:

i. Major transfer payments to other levels of government

	(in millions of dollars)	
	2014	2013
Canada health transfer	30,543	28,912
Canada social transfer	12,215	11,860
Fiscal arrangements	15,610	15,595
Other major transfers	2,107	2,003
Total major transfer payments to other levels of government	60,475	58,370

Details can be found in Section 3 (unaudited) of this volume and in Section 1 (unaudited) of Volume II of the *Public Accounts of Canada*.

ii. Other transfer payments

Other transfer payments totalling $36,698 million ($34,862 million in 2013) include various subsidies paid through federal programs to stabilize market prices for commodities, to develop new technologies, to conduct research, to establish new jobs through support for training and to promote educational and cultural activities. Also included are expenses of other consolidated entities and other miscellaneous payments. The various types of transfer payments are being delivered by departments according to their departmental legislative mandates. Details can be found in Table 3.6, Section 3 (unaudited) of this volume.

iii. Public debt charges

	(in millions of dollars)	
	2014	2013
		Restated (Note 2)
Public debt charges related to unmatured debt —		
Interest on unmatured debt	14,120	14,567
Amortization of discounts on Canada and Treasury Bills	1,818	1,762
Amortization of premiums and discounts on all other debts	974	875
Cross currency swap revaluation	(495)	(564)
Servicing costs and costs of issuing new borrowings	11	10
Capital lease obligations	214	208
Other unmatured debt	14	4
Total	16,656	16,862
Interest expense related to pensions and other future benefits	11,328	11,752
Other liabilities	236	257
Total public debt charges	28,220	28,871

Details can be found in Section 3 (unaudited) of this volume.

iv. Total expenses by segment

The Government has defined the segments as the Ministries and Crown corporations and other entities. Additional segmented information is provided in Note 18. The following table presents the total expenses by segment after the elimination of internal transactions:

	(in millions of dollars)	
	2014	2013
		Restated (Note 2)
Ministries —		
Agriculture and Agri-Food	2,432	2,775
Atlantic Canada Opportunities Agency	253	260
Canada Revenue Agency	21,605	21,455
Canadian Heritage	1,655	1,601
Canadian Northern Economic Development Agency	49	50
Citizenship and Immigration	1,962	1,960
Economic Development Agency of Canada for the Regions of Quebec	197	233
Employment and Social Development	71,289	69,255
Environment	1,644	1,642
Finance	88,001	86,466
Fisheries and Oceans	1,755	1,685
Foreign Affairs, Trade and Development	5,947	5,592
Governor General	20	21
Health	6,194	6,097
Indian Affairs and Northern Development	6,796	7,919
Industry	4,660	4,463
Justice	1,521	1,526
National Defence	21,696	23,188
Natural Resources	2,189	2,102
Office of Infrastructure of Canada	3,511	3,747
Parliament	535	549
Privy Council Office	293	306
Public Safety and Emergency Preparedness	11,871	9,542
Public Works and Government Services	4,337	4,012
Transport	1,351	1,482
Treasury Board	2,947	2,870
Veterans Affairs	897	903
Western Economic Diversification	182	178
Provision for valuation and other items	2,875	2,821
Total ministries	268,664	264,700
Crown corporations and other entities	8,163	10,350
Total expenses	276,827	275,050

Details providing total expenses by segment and type can be found in Section 3 (unaudited) of this volume.
Certain comparative figures have been reclassified to conform to the current Government structure.

v. Total expenses by type of resource used in operations

The Consolidated Statement of Operations and Accumulated Deficit and the previous table present a breakdown of expenses by segment, which represent the expenses incurred for each of the main functions of the Government. The following table presents the detail of these expenses by main objects of expense:

	(in millions of dollars)	
Objects of expense	2014	2013
		Restated (Note 2)
Transfer payments	169,395	163,561
Other program expenses —		
Crown corporations [1]	7,059	9,050
Personnel	44,994	46,133
Transportation and communications	2,472	2,580
Information	220	210
Professional and special services	7,753	7,514
Rentals	1,832	1,809
Repair and maintenance	2,498	2,728
Utilities, materials and supplies	2,461	2,726
Other subsidies and expenses	4,949	4,548
Amortization of tangible capital assets	4,865	5,184
Net loss on disposal of assets	109	136
Total other program expenses	79,212	82,618
Total program expenses	248,607	246,179
Public debt charges	28,220	28,871
Total expenses	276,827	275,050

Details reconciling objects of expense to objects of expenditure can be found in Section 3 (unaudited) of this volume and details on ministerial expenditures by object can be found in Section 1 (unaudited) of Volume II of the *Public Accounts of Canada*.

[1] This amount differs from the expense shown on the Consolidated Statement of Operations and Accumulated Deficit due to the amortization of tangible capital assets and the net loss on disposal of assets of consolidated Crown corporations, which have been reclassified within their respective object of expense.

5. Accumulated Deficit

The Government includes in its revenues and expenses, the transactions of consolidated Crown corporations and other entities controlled by the Government, and of certain accounts established for specified purposes. Legislation requires that revenues received for purposes specified in the legislation be credited to these accounts and that related payments be charged to the accounts. Any deficiency of payments over revenues must be met through future revenues or transfers credited to these accounts. The following table shows the balance of these consolidated accounts and the equity of the consolidated Crown corporations and other entities included in the accumulated deficit:

	(in millions of dollars)	
	2014	2013
		Restated (Note 2)
Accumulated deficit, excluding consolidated accounts and accumulated other comprehensive income [1]	616,032	609,775
Consolidated specified purpose accounts —		
Employment Insurance Operating Account	2,734	5,963
Other insurance accounts	(691)	(605)
Other consolidated accounts	(321)	(327)
	617,754	614,806
Consolidated Crown corporations and other entities	(1,556)	(1,935)
Accumulated other comprehensive income	(4,317)	(3,480)
Accumulated deficit	611,881	609,391

Details can be found in Section 4 (unaudited) of this volume.

[1] Included in this amount are actuarial gains and losses on pensions and other employee future benefits of enterprise Crown corporations and other government business enterprises which are a part of other comprehensive income but recorded directly to accumulated deficit and therefore are not a component of accumulated other comprehensive income.

Accumulated other comprehensive income

For enterprise Crown corporations and other government business enterprises recorded under the modified equity method, certain unrealized gains and losses on financial instruments and certain actuarial gains and losses related to pensions and other employee future benefits are recorded in other comprehensive income in accordance with IFRS. The unrealized gains and losses on financial instruments reflect changes in the fair value of financial assets classified as available-for-sale or derivative instruments used in hedging activities and are excluded from the calculation of profit or loss until realized. Actuarial gains and losses related to pensions and other employee future benefits reflect differences between the actual and expected returns on plan assets as well as the difference between actual and expected experience and changes in actuarial assumptions used to determine the present value of the benefit obligations. In accordance with IFRS, these actuarial gains and losses are recorded directly to retained earnings without reclassification to profit or loss in a subsequent period.

Other comprehensive income is excluded from the calculation of the Government's annual deficit. It is instead recorded directly to the Government's accumulated deficit. Upon realization of the gains and losses on financial instruments, the associated amounts are reclassified to the profit or loss of enterprise Crown corporations and other government business enterprises and then reflected in the Government's annual deficit. As indicated above, the actuarial gains and losses related to pensions and other employee future benefits are not reclassified.

The following table presents the different components of other comprehensive income as well as accumulated other comprehensive income included in the Government's accumulated deficit:

	(in millions of dollars)	
	2014	2013
Accumulated other comprehensive income at beginning of year	3,480	2,822
Other comprehensive income —		
Net change in unrealized gains and losses on available-for-sale financial instruments	887	678
Net change in fair value of derivatives designated as hedges	(50)	(20)
Actuarial gains (losses) on pensions and other employee future benefits	1,823	(594)
Total	2,660	64
Less: Actuarial gains (losses) on pensions and other employee future benefits recorded directly to accumulated deficit	1,823	(594)
Accumulated other comprehensive income at end of year	4,317	3,480

6. Unmatured Debt

Unmatured debt includes:

	(in millions of dollars)	
	2014	2013
		Restated (Note 2)
Market debt —		
Payable in Canadian currency	632,636	657,209
Payable in foreign currencies	16,030	10,802
Total	648,666	668,011
Cross currency swap revaluations	2,326	(3,419)
Unamortized discounts and premiums on market debt	3,184	3,231
Obligation related to capital leases	3,603	3,647
Other unmatured debt	1,179	917
Total unmatured debt	658,958	672,387

Unamortized discounts result from Treasury bills and Canada bills which are issued at a discount in lieu of interest. Discounts or premiums also result from the Government's bond buy-back program and from issuance of market debt when the face value of the instrument issued differs from the proceeds received. The unamortized portion represents the amount of premium and discount that has not yet been recorded to public debt charges.

i. Market Debt

The following table presents the contractual maturity of debt issues and interest rates by currency and type of instrument at gross value (in Canadian dollars) and the effective average annual interest rates as at March 31, 2014:

	(in millions of dollars)							
	Marketable bonds					Canada bills	Medium-term notes	
Maturing year	CAD	USD	Euro	Treasury bills	Retail debt [1]	USD	USD	Total
2015	62,912	3,317		153,000	450	2,290		221,969
2016	77,475				1,186			78,661
2017	63,858	3,353			1,152		442	68,805
2018	30,743				714			31,457
2019	31,023	3,334			1,142			35,499
2020 and subsequent	206,907	4	3,046		1,683		304	211,944
	472,918	10,008	3,046	153,000	6,327	2,290	746	648,335
Less: Government holdings of unmatured debt and consolidation adjustment [2]	(401)	60		10				(331)
Total market debt	473,319	9,948	3,046	152,990	6,327	2,290	746	648,666
Nature of interest rate [3]	Fixed [4]	Fixed	Fixed	Variable	Variable	Variable	Fixed and variable	
Effective weighted average annual interest rates	2.87	1.67	3.50	0.97	0.72	0.08	0.46	
Range of interest rates	0.75 - 11.25	0.88 - 9.70	3.50	0.77 - 1.13	0.50 - 1.70	0.01 - 0.15	0.16 - 2.30	

Details can be found in Section 6 (unaudited) of this volume.

[1] Includes $4,355 million of Canada savings bonds having fixed dates of maturity which are redeemable on demand.

[2] Includes $60 million of securities held for the retirement of unmatured debt, $17 million of securities held by consolidated Crown corporations and other entities and $408 million of borrowings by consolidated agent Crown corporations.

[3] Debt with terms to maturity of less than one year is considered to have a variable interest rate. For marketable bonds and foreign currency notes, some of the fixed interest rates were converted into variable interest rates through swap agreements.

[4] Includes real return bonds which have a variable component based on the consumer price index.

ii. Obligation related to capital leases

The total obligation related to capital leases as at March 31, 2014 is $3,603 million ($3,647 million in 2013). Interest on this obligation of $214 million ($208 million in 2013) is reported in the Consolidated Statement of Operations and Accumulated Deficit as part of public debt charges. Future minimum lease payments are summarized as follows:

Year	(in millions of dollars)
2015	474
2016	448
2017	463
2018	406
2019	410
2020 and subsequent	3,550
Total minimum lease payments	5,751
Less: imputed interest at the average discount rate of 5.7 percent	2,148
Obligation related to capital leases	3,603

Details can be found in Section 6 (unaudited) of this volume.

A significant number of leases have a duration from inception that fall within the range of 10 and 25 years.

7. Public Sector Pensions and Other Employee and Veteran Future Benefits

i. Overview of benefit plans

(a) Pension benefits

The Government sponsors a number of defined benefit pension plans covering substantially all the employees of the federal public service, as well as certain Public Service corporations as defined in the *Public Service Superannuation Act*, territorial governments, members of the Canadian Forces including the Reserve Force, members of the Royal Canadian Mounted Police, federally appointed judges and Members of Parliament, including Senators. The public service, Canadian Forces – Regular Force and Royal Canadian Mounted Police pension plans represent the three main public sector pension plans. In this note, the term "employees" is used in a general manner to apply to plan members of the different groups.

The defined benefit pension plans are designed to provide employees with a retirement income during their lifetime indexed to inflation. In the event of death, the pension plans also provide an income for a plan member's eligible survivors and dependants.

Pension benefits generally accrue as follows:

> For the three main public sector pension plans, pension benefits generally accrue based on a member's average earnings during the best five consecutive years of earnings and years of pensionable service. Plan members can accumulate up to a maximum of 35 years at a rate of two percent per year of pensionable service. Pension benefits are coordinated with Canada/Quebec Pension Plan benefits.
>
> For the Canadian Forces – Reserve Force pension plan, pension benefits accrue based on total pensionable service and pensionable earnings over the service period.
>
> For the Members of Parliament retiring allowance plan, basic allowances accrue at a rate of three percent per year of pensionable service multiplied by the average of the best five years of sessional indemnity up to a maximum of 75 percent of the plan member's average sessional indemnity. Retiring allowance benefits are coordinated with Canada/Quebec Pension Plan benefits at age 60. Members of Parliament are entitled to benefits after they have contributed to the plan for at least six years.
>
> For federally appointed judges, pension benefits do not have an explicit accrual rate. Instead, federally appointed judges may retire with a pension equivalent to two-thirds of the salary annexed to their office, once the member has completed 15 years of pensionable service and the sum of the member's age and years of service equals 80 or more.

(b) Other future benefits

In addition to pension plans, the Government sponsors a variety of future benefit plans that are available to employees during or after employment or upon retirement as applicable. Other employee and veteran future benefits include disability and associated benefits available to war veterans, current and retired members of the Canadian Forces and the Royal Canadian Mounted Police, their survivors and dependants, health care and dental plans available to retired employees and their dependants, accumulated sick leave entitlements, severance benefits and workers' compensation benefits.

ii. Financing arrangements

The Government has a statutory obligation for the payment of the pension benefits it sponsors. Pursuant to pension legislation, the transactions for funded and unfunded pension benefits are tracked in the pension accounts within the accounts of Canada. The details (unaudited) of the pension accounts can be found in Section 6 of this volume.

(a) Funded pension benefits

The pension plans are generally financed from employee and employer contributions, as well as investment earnings. Funded pension benefits relate to post March 2000 service that falls within the *Income Tax Act* limits for the three main public sector pension plans and all service for the Canadian Forces – Reserve Force pension plan, as an amount equal to contributions less benefit payments and other charges is invested in capital markets through the Public Sector Pension Investment Board (PSPIB).

(b) Unfunded pension benefits

Unfunded pension benefits relate to pre April 2000 service and post March 2000 service that falls above the *Income Tax Act* limits for the three main public sector pension plans and all service periods for the pension plans of the federally appointed judges and Members of Parliament, as separate market invested funds are not maintained. Employee and employer contributions for unfunded pension benefits are part of general government funds. Contributions amounted to $260 million ($243 million in 2013).

(c) Other future benefits

All of the other Government sponsored employee and veteran future benefit plans are unfunded. The health care and dental plans for retired employees are contributory plans, whereby contributions by retired plan members are made to obtain coverage. These contributions amounted to $199 million in 2014 ($195 million in 2013). The Government's costs and benefits paid are presented net of these contributions. Additional details can be found in Section 6 (unaudited) of this volume.

iii. Actuarial valuations

(a) For funding purposes

Pursuant to the *Public Pensions Reporting Act*, actuarial valuations of the public sector pension plans are performed at least every three years to determine the state of the pension plans, as well as to assist in making informed decisions regarding the financing of the Government's pension benefit obligations. The actuarial assumptions underlying the valuations are based on the actuary's best estimates.

The most recent triennial actuarial valuations were conducted as at March 31, 2013 for the Canadian Forces – Regular Force, the Members of Parliament and the federally appointed judges pension plans; as at March 31, 2012 for the Royal Canadian Mounted Police pension plan; as at March 31, 2011 for the public service pension plan, with an update as of January 1, 2013 to reflect the pension changes from the *Jobs and Growth Act, 2012*; and as at March 31, 2010 for the Canadian Forces – Reserve Force.

(b) For accounting purposes

Actuarial valuations of the public sector pension and other employee and veteran future benefit plans are performed every year to measure and report the obligations and to attribute the costs of the benefits to the period. The actuarial valuations are based on the most recent or any in-progress triennial actuarial valuation for funding purposes, as applicable, in regards to demographic assumptions other than the percentage increase in population growth. The other assumptions underlying the valuations are based on the Government's best estimates.

iv. Changes to benefit plans

(a) Plan amendments

In 2014, an amendment was made to the Public Service Health Care Plan whereby, effective April 1, 2015, the cost sharing for retired member contributions for supplementary coverage will increase from 25 percent to 50 percent over a four year period and the number of cumulative years of pensionable service required to qualify for coverage as a retired member will increase from two to six years. The cost sharing change will not apply to retired members who were members before April 1, 2015, and whose family income falls below the relevant Guaranteed Income Supplement threshold under the *Old Age Security Act*. In addition, certain benefits will be enhanced effective October 1, 2014 and the annual deductible eliminated effective January 1, 2015. This plan amendment resulted in a one-time past service cost reduction of $7,890 million and the immediate recognition of a previously unrecognized net actuarial loss of $7,106 million.

Amendments were also made to the veteran future benefit plans thereby improving and expanding eligibility for funeral and burial benefits to modern day veterans of modest financial means, increasing access to treatment benefits and veterans independence program by removing the offset for disability pension provided under the *Pension Act* from the war veterans allowance and improving vocational rehabilitation benefits by streamlining to an overall annual limit as opposed to several individual limits. These amendments resulted in one-time past service costs of $317 million and the immediate recognition of a previously unrecognized net actuarial gain of $49 million.

With respect to the employee severance benefit plan, an amendment was agreed upon resulting in a one-time past service cost of $23 million.

In 2013, an amendment to the Members of Parliament pension plan resulted in a one-time past service cost reduction of $1 million while amendments to the veteran future benefit plans and the employee severance benefit plan resulted in one-time past service costs of $501 million and $27 million, respectively.

(b) Plan curtailments

Beginning in 2011, the accumulation of severance benefits for voluntary departures ceased for certain employee groups. Employees subject to these changes are being given the option to be paid the full or partial value of benefits earned to date or collect the full or remaining value of benefits upon departure from the public service. The impact of the curtailments is a one-time past service cost reduction of $94 million ($151 million in 2013) and the immediate recognition of a previously unrecognized net actuarial loss of $69 million ($223 million in 2013), representing the portion related to the obligation for employees subject to the curtailments.

(c) Plan settlements

In 2014, payments of $1,178 million ($691 million in 2013) were made to employees affected by the curtailments of the severance benefit plan who opted to cash out the full or partial value of their accumulated benefits. Because the actual cost of settling part of the obligation differed from the liability previously recorded, a settlement loss of $127 million ($146 million in 2013) was recognized along with a previously unrecognized net actuarial loss of $131 million ($77 million in 2013), representing the portion related to the obligation for employees subject to the settlements.

v. *Future benefit liabilities*

The liabilities included in the Consolidated Statement of Financial Position arising from the Government's obligations in respect of public sector pension and other employee and veteran future benefit plans are presented net of pension assets and unrecognized net actuarial losses. The details are as follows:

(a) Accrued benefit obligations

The changes in the accrued benefit obligations during the year were as follows:

	(in millions of dollars)							
	2014				2013			
	Pension benefits				Pension benefits			
	Funded	Unfunded	Total	Other future benefits	Funded	Unfunded	Total	Other future benefits
Accrued benefit obligations at beginning of year	83,719	158,977	242,696	99,317	73,684	157,131	230,815	95,116
Benefits earned	6,319	283	6,602	3,409	6,235	269	6,504	3,535
Interest on average accrued benefit obligations	4,034	8,151	12,185	2,629	4,253	8,511	12,764	2,590
Benefits paid	(1,576)	(8,492)	(10,068)	(5,720)	(1,276)	(8,258)	(9,534)	(5,183)
Administrative expenses	(77)	(114)	(191)	(64)	(67)	(112)	(179)	(54)
Net transfers to other plans	(499)	(142)	(641)		(331)	(134)	(465)	
Plan amendments				(7,550)		(1)	(1)	328
Plan curtailments				(94)				(151)
Plan settlements				127				146
Actuarial (gains) losses	(854)	(2,301)	(3,155)	(10,418)	1,221	1,571	2,792	2,990
Accrued benefit obligations at end of year	91,066	156,362	247,428	81,636	83,719	158,977	242,696	99,317

Details can be found in Section 6 (unaudited) of this volume.

(b) Pension assets

Pension assets include investments held by the PSPIB and valued at market related value, as well as contributions receivable from employees for past service buy-back elections.

The changes in pension assets during the year were as follows:

	(in millions of dollars)	
	2014	2013
	Funded pension benefits	
Market related value of investments at beginning of year	71,686	61,986
Expected return on average market related value of investments	3,486	3,602
Contributions –		
Employees	2,355	2,172
Public Service corporations and territorial governments	243	226
Government	4,418	4,372
Benefits paid, transfers and others	(2,019)	(2,135)
Actuarial gains	4,166	1,463
Market related value of investments at end of year	84,335	71,686
Contributions receivable from employees for past service	568	467
Total pension assets at end of year	84,903	72,153

Details can be found in Section 6 (unaudited) of this volume.

Actuarial gains of $94 million (nil in 2013) were incorporated in the market related value of the investments to adjust for the limit of plus or minus 10 percent in the difference between the market related value and the market value of the investments at the end of the year.

At March 31, 2014, the market value of the investments is $93,705 million ($76,131 million in 2013). The actual rate of return of investments calculated on a time-weighted basis was 16.3 percent (10.7 percent in 2013) during the year.

(c) Liabilities

A reconciliation of the accrued benefit obligations to the amounts of liabilities recognized in the Consolidated Statement of Financial Position follows:

	(in millions of dollars)							
	2014				2013			
	Pension benefits				Pension benefits			
	Funded	Unfunded	Total	Other future benefits	Funded	Unfunded	Total	Other future benefits
Accrued benefit obligations	91,066	156,362	247,428	81,636	83,719	158,977	242,696	99,317
Less: Pension assets	84,903		84,903		72,153		72,153	
Subtotal	6,163	156,362	162,525	81,636	11,566	158,977	170,543	99,317
Unrecognized net actuarial loss	(17)	(9,425)	(9,442)	(10,227)	(5,808)	(13,068)	(18,876)	(32,016)
Future benefit liabilities	6,146	146,937	153,083	71,409	5,758	145,909	151,667	67,301

Details can be found in Section 6 (unaudited) of this volume.

vi. *Future benefit and interest expenses*

The cost of public sector pension and other employee and veteran future benefit plans is comprised of benefits and interest expenses. The benefit expense is included in the Consolidated Statement of Operations and Accumulated Deficit as a component of other program expenses, more specifically as personnel expenses. The interest expense is included in the public debt charges. The amounts recognized during the year are as follows:

	(in millions of dollars)							
	2014				2013			
	Pension benefits				Pension benefits			
	Funded	Unfunded	Total	Other future benefits	Funded	Unfunded	Total	Other future benefits
Benefits expense:								
Benefits earned, net of employee contributions	3,721	225	3,946	3,409	3,837	212	4,049	3,335
Actuarial losses recognized during the year	670	1,342	2,012	4,114	702	1,201	1,903	3,875
Plan amendments				(7,550)		(1)	(1)	528
Plan curtailments				(94)				(151)
Plan settlements				127				146
Actuarial losses recognized following plan amendments, curtailments and settlements				7,257		1	1	300
Total	4,391	1,567	5,958	7,263	4,539	1,413	5,952	8,033
Interest expense:								
Interest on average accrued benefit obligations	4,034	8,151	12,185	2,629	4,253	8,511	12,764	2,590
Expected return on average market related value of investments	(3,486)		(3,486)		(3,602)		(3,602)	
Total	548	8,151	8,699	2,629	651	8,511	9,162	2,590

Details can be found in Section 6 (unaudited) of this volume.

vii. Actuarial assumptions

The assumptions used in the actuarial valuations for accounting purposes are based on the Government's best estimates of expected long-term experience and short-term forecasts, as well as demographic assumptions, excluding the percentage increase in population growth, underlying the most recent or any in-progress actuarial valuations for funding purposes. The assumptions include estimates of future inflation, interest rates, returns on investments, general wage increases, workforce composition, retirement rates and mortality rates.

The discount rates used to measure the present value of the accrued benefit obligations, as well as the costs of benefits earned, plan amendments, plan curtailments, plan settlements and the interest expense, for public sector pensions and other employee and veteran future benefits are as follows:

for funded pension benefits, the streamed expected rates of return on invested funds;

for unfunded pension benefits, the streamed weighted average of Government of Canada long-term bond rates; and

for other future benefits, the expected Government of Canada long-term bond rate at the valuation date.

The streamed weighted average of Government of Canada long-term bond rates is a calculated 20-year weighted moving average of Government of Canada long-term bond rates projected over time. The streamed rates take into account historical Government of Canada long-term bond rates and, over time, reflect expected Government of Canada long-term bond rates.

The principal actuarial assumptions used in measuring the accrued benefit obligations as at March 31, as well as the future benefit and interest expenses for the year, were as follows:

	2014		2013	
	Accrued benefit obligations	Benefit and interest expenses	Accrued benefit obligations	Benefit and interest expenses
Discount rates [1] —				
Funded pension benefits	5.9 %	4.7 %	5.9 %	5.6 %
Unfunded pension benefits	4.6 %	5.4 %	4.6 %	5.7 %
Other employee and veteran future benefits	3.5 %	2.7 %	2.7 %	2.8 %
Expected rate of return on investments		4.7 %		5.6 %
Long-term rate of inflation	2.0 %	2.0 %	2.0 %	2.0 %
Long-term general wage increase	2.6 %	2.6 %	2.6 %	2.7 %
Assumed health care cost trend rates —				
Initial health care cost trend rate	4.6 %	3.8 %	3.8 %	5.6 %
Cost trend rate is expected to stabilize at	4.8 %	4.8 %	4.8 %	4.8 %
Year that the rate is expected to stabilize	2023	2022	2022	2021

(1) The streamed discount rates used to measure the accrued benefit obligations are equivalent to the flat discount rates presented in the table. The initial discount rates used to measure the benefit expense are presented in the table whereas the ultimate discount rates are expected to reach 6.1 percent by 2020 (6.1 percent by 2017 in 2013) for the funded pension benefits and 5.1 percent by 2036 (5.1 percent by 2035 in 2013) for the unfunded pension benefits. The interest expense is calculated using the discount rates presented in the table.

The expected average remaining service life (EARSL) of the employees represent periods ranging from 4 to 23 years (5 to 23 years in 2013) according to the plan in question; more specifically, from 11 to 15 years (11 to 15 years in 2013) for the three main public sector pension plans. The average remaining life expectancy (ARLE) of the benefit recipients under war time veteran plans represent periods ranging from 6 years to 11 years (7 to 11 years in 2013).

viii. Sensitivity analysis

Changes in assumptions can result in significantly higher or lower estimates of the accrued benefit obligations. The table below illustrates the possible impact of a one percent change in the principal actuarial assumptions. Note that for the sensitivity to the discount rates, the one percent change was considered only for the future expected Government of Canada long-term bond rates and not for the historical Government of Canada long-term bond rates included in the determination of the streamed discount rates used to measure the unfunded pension benefits.

	(in millions of dollars)					
	2014			2013		
	Pension benefits			Pension benefits		
	Funded	Unfunded	Other future benefits	Funded	Unfunded	Other future benefits
Possible impact on the accrued benefit obligations due to:						
Increase of 1 % in discount rates	(14,700)	(8,400)	(11,500)	(13,700)	(9,100)	(15,100)
Decrease of 1 % in discount rates	19,300	9,500	15,200	18,100	9,900	20,400
Increase of 1 % in rate of inflation	12,000	19,300	13,900	11,000	20,000	18,400
Decrease of 1 % in rate of inflation	(9,700)	(16,200)	(10,600)	(9,000)	(16,600)	(14,100)
Increase of 1 % in general wage increase	5,500	1,400	400	5,200	1,500	500
Decrease of 1 % in general wage increase	(4,900)	(1,200)	(300)	(4,500)	(1,400)	(500)
Increase of 1 % in assumed health care cost trend rates			4,700			7,700
Decrease of 1 % in assumed health care cost trend rates			(3,500)			(5,700)

8. Other Liabilities

Other liabilities include:

	(in millions of dollars)	
	2014	2013
Due to Canada Pension Plan	140	68
Others —		
Government Annuities Account	166	183
Deposit and trust accounts	1,686	1,895
Other specified purpose accounts	3,922	3,900
	5,774	5,978
Total other liabilities	5,914	6,046

Details and the audited consolidated financial statements of the Canada Pension Plan can be found in Section 6 (unaudited) of this volume.

i. Due to Canada Pension Plan

As explained in Note 1, the financial activities of the Canada Pension Plan (CPP) are not included in these consolidated financial statements.

The CPP is a federal/provincial social insurance program established by an Act of Parliament. It is compulsory and in operation in all parts of Canada, except for the Province of Quebec. The objective of the program is to provide a measure of protection to workers and their families against the loss of earnings due to retirement, disability or death. The CPP is financed from employees, employers and self-employed workers contributions, as well as investments earnings. The CPP's investments are held and managed by the Canada Pension Plan Investment Board (CPP Investment Board). As administrator of the CPP, the Government's authority to provide benefits is limited to the consolidated net assets of the CPP. At March 31, 2014, the fair value of the CPP's consolidated net assets is $223,209 million ($187,724 million in 2013).

Pursuant to the *Canada Pension Plan Act*, the transactions of the CPP are recorded in the Canada Pension Plan Account (the Account) within the accounts of Canada. The Account also tracks the amounts transferred to or received from the CPP Investment Board. The $140 million ($68 million in 2013) balance in the Account represents the CPP's deposit with the Receiver General for Canada and, therefore, is reported as a liability to the CPP.

ii. Others

Deposit and trust accounts are a group of liabilities representing the Government's financial obligations in its role as administrator of certain funds that it has received or collected for specified purposes and that it will pay out accordingly. To the extent that the funds received are represented by negotiable securities, these are deducted from the corresponding accounts to show the Government's net liability. Certain accounts earn interest which is charged to interest on the public debt. One of the largest deposit and trust accounts is the Indian band funds accounts in the amount of $833 million ($860 million in 2013). This account was established to record funds belonging to Indian bands throughout Canada pursuant to the *Indian Act*.

Other specified purpose accounts are liability accounts that are used to record transactions made under authorities obtained from Parliament through either the *Financial Administration Act* or other specific legislation. Certain accounts earn interest which is charged to interest on the public debt. The largest other specified purpose account is the Public Service Death Benefit Account totaling $3,310 million ($3,208 million in 2013). This account was established under the *Public Service Superannuation Act* to provide life insurance to contributing members of the public service.

9. Cash and Cash Equivalents

Cash and cash equivalents are as follows:

	(in millions of dollars)	
	2014	2013
Cash [1]	27,469	21,360
Cash equivalents	3,960	5,981
Total cash and cash equivalents	31,429	27,341

Details can be found in Section 7 (unaudited) of this volume.

[1] Included in cash is $20,000 million ($15,000 million in 2013) which has been designated as a deposit held with respect to prudential liquidity management undertaken by the Government.

10. Taxes and Other Accounts Receivable

Taxes receivable represent tax revenues that were assessed by year end as well as amounts receivable due to the accrual of tax revenues as at March 31. These accrued receivables are not due until the next fiscal year. They also include other receivables for amounts collectible through the tax system such as provincial and territorial taxes, Employment Insurance premiums and Canada Pension Plan contributions.

The Government has established an allowance for doubtful accounts of $12,690 million ($12,355 million in 2013) and has recorded a bad debt expense of $3,751 million ($3,249 million in 2013). The allowance for doubtful accounts is management's best estimate of the collectability of amounts that have been assessed, including the related interest and penalties, but not yet paid. The allowance for doubtful accounts has two components. A general allowance is calculated based on the age and type of tax accounts using rates based on historical collection experience. A specific allowance is calculated based on an annual review of all accounts over $10 million. The allowance for doubtful accounts is adjusted every year through a provision for doubtful accounts and is reduced by amounts written off as uncollectible during the year. The annual provision is reported as a bad debt expense which is charged against other program expenses. The details of the taxes receivable and allowance for doubtful accounts are as follows:

	(in millions of dollars)					
	2014			2013		
	Total taxes receivable	Allowance for doubtful accounts	Net	Total taxes receivable	Allowance for doubtful accounts	Net
Income taxes receivable—						
Individuals	52,161	6,621	45,540	49,082	6,488	42,594
Employers	16,127	945	15,182	16,815	1,078	15,737
Corporations	15,410	2,152	13,258	13,754	1,869	11,885
Non-residents	1,442	138	1,304	1,209	134	1,075
Goods and services tax receivable	17,752	2,779	14,973	20,626	2,714	17,912
Customs duties receivable	246	16	230	479	19	460
Excise taxes and duties receivable	2,041	39	2,002	2,505	53	2,452
Total	105,179	12,690	92,489	104,470	12,355	92,115

Details can be found in Section 7 (unaudited) of this volume.

Other accounts receivable represent billed or accrued financial claims arising from amounts owed to the Government at year end. Total other accounts receivable amount to $6,521 million ($6,409 million in 2013) and are presented net of an allowance for doubtful accounts of $1,865 million ($1,710 million in 2013). Further details can be found in Section 7 (unaudited) of this volume.

11. Foreign Exchange Accounts

Foreign exchange accounts represent financial claims and obligations of the Government as a result of Canada's foreign exchange operations.

The Government holds certain investments in its Exchange Fund Account to provide general liquidity and to promote orderly conditions in the foreign exchange market for the Canadian dollar. As at March 31, 2014, the fair value of the marketable securities held in the Exchange Fund Account is $68,976 million ($57,691 million in 2013). Further details on these investments are provided in the unaudited financial statements of the Exchange Fund Account in Section 8 of this volume.

Subscriptions and loans to the International Monetary Fund (IMF) and special drawing rights allocations are denominated in special drawing rights (SDR). The SDR serves as the unit of account for the IMF and its value is based on a basket of key international currencies (US dollar, Euro, Japanese yen and British pound sterling). Canada participates in two multi-lateral lending arrangements with the IMF along with a group of other member countries. Collectively, maximum direct lending under the multi-lateral arrangements is limited to no more than the equivalent of SDR 8,517 million ($14,553 million) at March 31, 2014.

The following table presents the balances of the foreign exchange accounts:

	(in millions of dollars)	
	2014	2013
International reserves held in the Exchange Fund Account —		
Cash and cash equivalents —		
US dollars	391	313
Euros	51	16
Japanese yen	10	8
British pound sterling	2	
Short-term deposits	223	
Total	677	337
Marketable securities —		
US dollars	46,636	36,599
Euros	19,903	17,462
Japanese yen	316	306
British pound sterling	199	
Total	67,054	54,367
Special drawing rights	9,628	8,671
Gold	6	6
Total international reserves held in the Exchange Fund Account	77,365	63,381
International Monetary Fund —		
Subscriptions	10,883	9,694
Loans	1,665	1,457
Total	89,913	74,532
Less:		
International Monetary Fund —		
Special drawing rights allocations	10,232	9,114
Notes payable	7,419	6,659
Total	17,651	15,773
Total foreign exchange accounts	72,262	58,759

Details can be found in Section 8 (unaudited) of this volume.

12. Crown Corporations and Other Entities

Parent Crown corporations are included in the reporting entity of the Government. There are also a number of not-for-profit organizations and other government business enterprises that meet the definition of control for financial reporting purposes and are included in the reporting entity of the Government.

i. Consolidated Crown corporations and other entities

Some Crown corporations and not-for-profit organizations rely on the Government for most of their financing and whose financial activities are consolidated in these financial statements. The major consolidated Crown corporations are Atomic Energy of Canada Limited, Canadian Air Transport Security Authority, Canadian Broadcasting Corporation, Canadian Commercial Corporation and VIA Rail Canada Inc. The major consolidated not-for-profit organizations are the Canada Foundation for Innovation and the Canada Foundation for Sustainable Development Technology. Detailed information on these consolidated entities is included in Section 4 (unaudited) of this volume.

ii. Enterprise Crown corporations and other government business enterprises

The remaining Crown corporations are government business enterprises able to raise substantial portions of their revenues through commercial business activity and are therefore considered self-sustaining. These Crown corporations are referred to as enterprise Crown corporations. The major enterprise Crown corporations include the Bank of Canada, Canada Mortgage and Housing Corporation, Canada Post Corporation and Export Development Canada.

In addition, there are a number of self-sustaining government business enterprises that are not Crown corporations but which are controlled by the Government. These are referred to as other government business enterprises. The major other government business enterprises include The Canadian Wheat Board and the various Port Authorities. Investments in enterprise Crown corporations and other government business enterprises are recorded under the modified equity method.

The following table presents the Government's recorded loans, investments and advances in significant enterprise Crown corporations and other government business enterprises:

	(in millions of dollars)	
	2014	2013
		Restated (Note 2)
Investments —		
Canada Mortgage and Housing Corporation	16,511	14,414
Export Development Canada	7,276	9,066
Canada Development Investment Corporation	4,953	4,662
Business Development Bank of Canada	4,339	3,862
Farm Credit Canada	4,166	3,510
Canada Deposit Insurance Corporation	1,568	1,316
Canada Post Corporation	(1,140)	(2,320)
Other	3,644	3,367
Total investments	41,317	37,877
Loans and advances —		
Canada Mortgage and Housing Corporation	21,173	63,124
Farm Credit Canada	22,029	21,174
Business Development Bank of Canada	14,320	13,214
Other	148	89
Total loans and advances	57,670	97,601
Less:		
Loans expected to be repaid from future appropriations	4,145	3,665
Unamortized discounts and premiums	27	28
	4,172	3,693
Total loans, investments and advances to enterprise Crown corporations and other government business enterprises	94,815	131,785

Details can be found in Section 9 (unaudited) of this volume.

The following table presents the summary financial position and results of enterprise Crown corporations and other government business enterprises:

	(in millions of dollars)					
	2014			2013		
	Third Parties	Government, Crown corporations and other entities	Total	Third Parties	Government, Crown corporations and other entities	Total
Assets —						
Financial assets	349,246	97,118	446,364	387,455	89,337	476,792
Non-financial assets	9,359		9,359	9,019		9,019
Total assets	358,605	97,118	455,723	396,474	89,337	485,811
Liabilities	333,096	80,951	414,047	330,916	116,668	447,584
Equity of Canada as reported			41,676			38,227
Elimination adjustments			(359)			(350)
Equity of Canada			41,317			37,877
Revenues	27,478	4,511	31,989	29,491	4,442	33,933
Expenses	22,999	3,065	26,064	25,184	3,386	28,570
Profit as reported			5,925			5,363
Adjustments and others			20			(368)
Profit			5,945			4,995
Other changes in equity —						
Other comprehensive income			2,660			64
Dividends (1)			(5,215)			(1,445)
Capital			50			
			3,440			3,614
Equity of Canada at beginning of year			37,877			34,263
Equity of Canada at end of year			41,317			37,877
Contractual obligations			44,803			43,951
Contingent liabilities			2,409			2,405

Details can be found in Section 9 (unaudited) of this volume.

(1) Amounts reported as dividends include $2,569 million (nil in 2013) from Export Development Canada, $1,331 million ($206 million in 2013) from Canada Development Investment Corporation and $1,127 million ($1,084 million in 2013) from the Bank of Canada.

iii. Non Public Property

Non Public Property (NPP), as defined under the *National Defence Act*, consists of money and property contributed to or by Canadian Forces members and is administered for their benefit and welfare by the Canadian Forces Morale and Welfare Services (CFMWS). The CFMWS is responsible for delivering selected morale and welfare programs, services and activities through three operational divisions, Canadian Forces Exchange System (CANEX), Personnel Support Programs and Service Income Security Insurance Plan (SISIP) Financial Services. Under the *National Defence Act*, NPP is explicitly excluded from the *Financial Administration Act*. The Government provides some services related to NPP activities such as accommodation and security for which no amount is charged. The cost of providing these services is included in the consolidated financial statements of the Government of Canada. In 2014, CFMWS administered estimated revenues and expenses of $400 million ($381 million in 2013) and $331 million ($344 million in 2013) respectively and had net equity of $685 million at March 31, 2014 ($616 million at March 31, 2013). These amounts are excluded from the consolidated financial statements of the Government of Canada.

13. Other Loans, Investments and Advances

The following table presents a summary of the balances of other loans, investments and advances by category:

	(in millions of dollars)	
	2014	2013
National governments, including developing countries and international organizations —		
National governments including developing countries	382	375
International organizations	19,150	18,250
Total	19,532	18,625
Other loans, investments and advances —		
Provincial and territorial governments	1,877	2,726
Other loans, investments and advances	26,583	25,534
Total	28,460	28,260
Total	47,992	46,885
Less: allowance for valuation	25,172	23,751
Total other loans, investments and advances	22,820	23,134

Details can be found in Section 9 (unaudited) of this volume.

The following table presents a summary of the balances of other loans, investments and advances by currency:

	(in millions of dollars)			
	2014			2013
	Loans, investments and advances in base currency	Foreign exchange rate	Loans, investments and advances CAD	Loans, investments and advances CAD
Canadian dollar	43,348		43,348	42,357
US dollar	4,118	1.1055	4,552	4,415
Special drawing rights	44	1.7087	75	85
Various other currencies			17	28
Total			47,992	46,885

Loans to national governments consist mainly of loans for financial assistance, international development assistance to developing countries, and development of export trade which are administered by Export Development Canada. Certain loans are non-interest bearing and others bear interest at rates varying from 1.0 percent to 10.3 percent. These loans are repayable over 6 to 55 years, with final instalments due in 2045.

Loans, investments and advances to international organizations include subscriptions to the share capital of international banks as well as loans and advances to associations and other international organizations. These subscriptions are composed of both paid-in and callable capital. They do not provide a return on investment but are repayable on termination of the organization or withdrawal from it. Most loans and advances to international organizations are made to banks and associations that use these funds to make loans to developing countries at significant concessionary terms.

Loans to provinces and territories include loans made under relief acts and other legislation. Loans totalling $1,234 million ($1,764 million in 2013) are non-interest bearing and are repayable over 1 to 9 years. An amount of $640 million ($959 million in 2013) is due from British Columbia regarding the Comprehensive Integrated Tax Coordination Agreement and is due in equal annual instalments with the final payment due March 2016. The Government has not collected interest on these amounts. The remaining loans totalling $3 million ($3 million in 2013) bear interest at rates varying from 4.5 percent to 9.5 percent and are repayable over 1 to 50 years, with final instalments due in 2015.

Other loans, investments and advances include portfolio investments and loans and advances under various programs to individuals and organizations which include loans under the Canada Student Loans Program of $16,739 million ($15,656 million in 2013), and loans for development of export trade which are administered by Export Development Canada of $2,595 million ($2,695 million in 2013). Collateral of $272 million ($332 million in 2013) is held on loans for development of export trade. Loans under the Canada Student Loans Program are provided interest-free to full-time students and afterward bear interest at either a variable prime rate plus 2.5 percent or a fixed prime rate plus 5.0 percent. The repayment period is generally 10 years. Certain loans for development of export trade are non-interest bearing and others bear interest at rates varying from 1.9 percent to 12.8 percent. These loans are repayable over 1 to 20 years, with final instalments due in 2023.

14. Tangible Capital Assets

Tangible capital assets consist of acquired, built, developed or improved tangible assets, whose useful life extends beyond the fiscal year and which are intended to be used on an ongoing basis for producing goods or delivering services, including military activities. Tangible capital assets include land, buildings, works and infrastructure, machinery and equipment including computer hardware and software, vehicles including ships, aircraft and others, leasehold improvements, and assets under construction. Software and leasehold improvements include only the cost of assets acquired since April 1, 2001. Tangible capital assets also include assets under capital lease. Detailed information (unaudited) on tangible capital assets is provided in Section 10 of this volume.

Except for land, the cost of tangible capital assets used in Government operations is generally amortized on a straight-line basis over the estimated useful life of the asset as follows:

Buildings	10 to 40 years
Works and infrastructure [1]	5 to 40 years
Machinery and equipment	3 to 30 years
Vehicles	3 to 40 years
Leasehold improvements	lesser of useful life of improvement or lease term
Assets under construction	once in service, in accordance with asset type
Assets under capital leases	in accordance with asset type or over the lease term

[1] Except for the Confederation Bridge, which is amortized over 100 years.

The following table presents a summary of the transactions and balances for the main categories of tangible capital assets:

(in millions of dollars)

	Cost					Accumulated amortization						
	Opening balance	Acquisitions	Disposals	Adjustments [1]	Closing balance	Opening balance	Amortization expense	Disposals	Adjustments	Closing balance	Net book value 2014	Net book value 2013
Land	1,566	8	(14)	37	1,597						1,597	1,566
Buildings	24,841	50	(100)	2,256	27,047	13,477	762	(64)	155	14,330	12,717	11,364
Works and infrastructure	13,444	89	(127)	571	13,977	7,714	375	(87)	(1)	8,001	5,976	5,730
Machinery and equipment	34,682	690	(1,439)	623	34,556	24,886	1,798	(1,312)	(692)	24,680	9,876	9,796
Vehicles	34,812	548	(208)	1,300	36,452	21,450	1,481	(189)	(322)	22,420	14,032	13,362
Leasehold improvements	2,688	64	(92)	312	2,972	1,613	214	(46)	6	1,787	1,185	1,075
Assets under construction	14,654	5,400	(78)	(6,126)	13,850						13,850	14,654
Assets under capital leases	4,591	280	(214)	(140)	4,517	1,897	235	(189)	(135)	1,808	2,709	2,694
Total	131,278	7,129	(2,272)	(1,167)	134,968	71,037	4,865	(1,887)	(989)	73,026	61,942	60,241

Details can be found in Section 10 (unaudited) of this volume.

[1] Adjustments include assets under construction of $5,506 million that were transferred to other categories upon completion of the assets.

Renewal options for assets under capital leases are typically for periods of 3 to 5 years and are exercisable at the discretion of the lessee. Some leases have escalation clauses for the operating cost component and are based on the consumer price index.

15. Financial Instruments

The Government uses various financial instruments to manage financial risks associated with its financial assets and liabilities. The Government does not hold or use derivative instruments for trading or speculative purposes.

i. Derivative financial instruments

(a) Swap agreements

Government debt is issued at both fixed and variable interest rates and is denominated in Canadian dollars, US dollars and Euros. The Government has entered into cross currency swap agreements to facilitate management of its debt structure. Using cross currency swap agreements, Canadian dollar and other foreign currency debt has been converted into US dollars or other foreign currencies with either fixed interest rates or variable interest rates. As a normal practice, the Government's swap positions are held to maturity.

The interest paid or payable and the interest received or receivable on all swap transactions are recorded as part of public debt charges. Unrealized gains or losses due to fluctuations in the foreign exchange value of the swaps are presented in the cross currency swap revaluation account and are recognized as part of net foreign exchange revenues in the Consolidated Statement of Operations and Accumulated Deficit.

Cross currency swaps with contractual principal amounts outstanding at March 31, stated in Canadian dollars, are as follows:

	(in millions of dollars)
Maturing year	2014
2015	3,658
2016	4,463
2017	4,857
2018	5,333
2019	6,373
2020 and subsequent	29,430
Total	54,114

(b) Foreign-exchange forward agreements

The Government's lending arrangements with the IMF, included in the Foreign Exchange Accounts, are denominated in SDRs. However, the government typically funds these loans with US dollars. Consequently, since the value of the SDR is based upon a basket of key international currencies (US dollar, Euro, Japanese yen and British pound sterling), a currency mismatch results, whereby fluctuations in the value of the loan asset are not equally offset by fluctuations in the value of the related funding liability. Therefore, the Government enters into forward agreements to hedge this foreign exchange risk.

Unrealized gains or losses due to fluctuations in the foreign exchange value of these agreements are recorded in accounts payable and accrued liabilities and are recognized as part of the net foreign exchange revenues in the Consolidated Statement of Operations and Accumulated Deficit.

The notional principal amount of a foreign-exchange forward agreement refers to the principal amount used to calculate contractual cash flows. This amount does not represent an asset or liability, and is not included in the Consolidated Statement of Financial Position. Foreign-exchange forward agreements outstanding at March 31, with notional principal amounts in Canadian dollars of $2,650 million ($2,268 million at March 31, 2013), mature in 2014.

(c) Credit risk related to swap and foreign-exchange forward agreements

The Government manages its exposure to credit risk by dealing principally with financial institutions having credit ratings from at least two recognized rating agencies, one of which must be Standard & Poor's or Moody's. At the time of inception of the agreement, the credit rating of the institution must be at least A-.

Credit risk is also managed through collateral provisions in swap and foreign-exchange forward agreements. Counterparties must pledge collateral to the Government, which, in the event of default, could be liquidated to mitigate credit losses.

The Government does not have a significant concentration of credit risk with any individual institution and does not anticipate any counterparty credit loss with respect to its swap and foreign-exchange forward agreements.

The following table presents the contractual or notional principal amounts of the swap and foreign-exchange forward agreements organized by credit ratings based on published Standard & Poor's credit ratings and stand-alone credit profiles at year end:

	(in millions of dollars)	
Credit ratings	2014	2013
A+	16,707	14,302
A	14,782	12,669
A-	16,703	14,815
BBB+	6,769	3,494
BBB	1,803	3,204
Total	56,764	48,484

ii. Managing foreign currency risk and sensitivity analysis to foreign currency exposures

Interest rate and foreign currency risks are managed using a strategy of matching the duration and the currency of the foreign exchange accounts assets and the related foreign currency borrowings of the Government. At March 31, 2014, assets within the foreign exchange accounts and their related foreign currency borrowings substantially offset each other on a market value basis. Accordingly, the impact of price changes affecting these assets and the liabilities funding these assets naturally offset each other, resulting in no significant impact to the Government's net debt.

Assets related to the IMF are only partially matched by related foreign currency borrowings as they are denominated in SDRs, however, foreign-exchange risks relating to loans to the IMF have been managed through entering into various foreign-exchange forward agreements.

The majority of the government foreign currency assets and related liabilities are held in four currency portfolios: the US dollar, the Euro, the British pound sterling and the Japanese yen. At March 31, 2014, a one percent appreciation in the Canadian dollar as compared to the US dollar, the Euro, the British pound sterling and the Japanese yen would result in a foreign exchange loss of $8 million due to the exposure of the US dollar portfolio and a foreign exchange loss of $3 million due to the exposure of the Euro portfolio. There is no significant exposure related to the British pound sterling and Japanese yen portfolios.

The net foreign exchange gain included in net foreign exchange revenues, other program revenues and other program expenses on the Consolidated Statement of Operations and Accumulated Deficit amounts to $448 million (net foreign exchange gain of $24 million in 2013).

iii. Fair value information

(a) Liabilities and financial assets

The following table presents the carrying value and the fair value of liabilities and financial assets. Fair values are Government estimates and are generally calculated using market conditions at a specific point in time where a market exists. Fair values of liabilities and financial assets with a short term to maturity or of a non-negotiable nature are assumed to approximate their carrying values. Fair values may not reflect future market conditions nor the actual values obtainable should the instrument be exchanged on the market. The calculations are subjective in nature and involve inherent uncertainties due to the unpredictability of future events.

	(in millions of dollars)					
	2014			2013		
	Carrying value	Fair value	Fair value over (under) carrying value	Carrying value	Fair value	Fair value over (under) carrying value
				Restated (Note 2)		
Liabilities						
Accounts payable and accrued liabilities	111,421	111,421		118,744	118,744	
Unmatured debt	658,958	705,520	46,562	672,387	738,237	65,850
Public sector pensions	153,083	153,155	72	151,667	166,098	14,431
Other employee and veteran future benefits	71,409	81,636	10,227	67,301	99,317	32,016
Other liabilities	5,914	5,914		6,046	6,046	
Financial Assets						
Cash and accounts receivable	128,574	128,574		124,154	124,154	
Foreign exchange accounts	72,262	74,316	2,054	58,759	62,243	3,484
Loans, investments and advances excluding investments in enterprise Crown corporations	76,318	78,141	1,823	117,043	120,174	3,131

Fair values are determined using the following methods and assumptions:

The carrying values of other accounts payable and accrued liabilities, amounts payable to taxpayers, interest and matured debt and cash and accounts receivable are assumed to approximate their fair values due to their short term to maturity and allowances to reduce carrying values.

For marketable bonds denominated in Canadian dollars and foreign currencies, treasury bills issued in Canadian dollars, Canada bills and medium-term notes issued in US dollars, fair values are established using market quotes or the discounted cash flow calculated using year end market interest and exchange rates. Fair values of other instruments comprising the unmatured debt are deemed to approximate their carrying values due to their short term to maturity or their non-negotiable nature.

The fair values of public sector pension and other employee and veteran future benefit liabilities are assumed to approximate the actuarial value of the accrued benefit obligations net of the fair values of the pension assets, which are established at market value for investments and at discounted net present value for other assets.

Fair values of the securities and gold reserves held in the foreign exchange accounts are established using market quotes or other available market information. Financial claims and obligations with the International Monetary Fund denominated in foreign currencies are reported at Canadian dollar equivalents at March 31, which are assumed to approximate fair value.

Fair values of loans to enterprise Crown corporations are established using market quotes or the discounted cash flow calculated using year end market interest rates. For portfolio or temporary investments, fair values are established using stock market quotes or other available information.

Fair values of other loans, investments and advances are assumed to approximate carrying values since allowances are recorded when necessary to reduce their carrying value to amounts that approximate their estimated realizable value.

(b) Derivative financial instruments

The following table presents the fair value of derivative financial instruments with contractual or notional principal amounts outstanding at March 31:

	(in millions of dollars)			
	2014		2013	
	Principal amount	Fair value	Principal amount	Fair value
Cross currency swaps	49,114	(2,648)	46,216	1,201
Foreign-exchange forward agreements	7,650	(38)	2,268	107
Total	56,764	(2,686)	48,484	1,308

Fair values of the swap and foreign-exchange forward agreements are the estimated amount that the Government would receive or pay, based on market factors, if the agreements were terminated on March 31. They are established by discounting the expected cash flows of the swap and foreign-exchange forward agreements, calculated from the contractual or notional principal amounts, using year end market interest and exchange rates. A positive (negative) fair value indicates that the Government would receive (make) a payment if the agreements were terminated on March 31.

16. Contractual Obligations

The nature of government activities results in large multi-year contracts and agreements, including international treaties, protocols and agreements of various size and importance. Any financial obligations resulting from these are recorded as a liability when the terms of these contracts or agreements for the acquisition of goods and services or the provision of transfer payments are met. Major contractual obligations that will generate expenditures in future years and that can be reasonably estimated are summarized as follows:

	(in millions of dollars)				
Minimum payments to be made in	Transfer payment agreements	Capital assets and purchases	Operating leases	International organizations	Total
2015	15,623	8,613	383	1,064	25,683
2016	8,859	4,676	371	1,106	15,012
2017	5,749	3,198	340	830	10,117
2018	4,117	3,181	296	158	7,752
2019	2,730	5,152	266	81	8,229
2020 and subsequent	2,885	18,532	1,455	1,598	24,470
Total	39,963	43,352	3,111	4,837	91,263

i. Transfer payment agreements

Transfer payments are one of the government's key instruments to provide various services to Canadians and to contribute to building a strong society and a competitive nation. They represent a large part of the Government of Canada's spending.

ii. Capital assets and purchases

Capital assets are tangible and durable items of value, including major additions or alterations thereto, from which benefits are expected to be derived during their useful life. Purchases are supported by contracts to supply goods or services.

iii. Operating leases

An operating lease is a lease in which the lessor does not substantially transfer all the benefits and risks incident to ownership of property to the lessee. The Government rents premises and equipment under operating leases which expire at various dates.

iv. International organizations

International contractual obligations include transfer payments, loans and advances to international organizations as well as loans for the development of export trade (administered by Export Development Canada), which Canada has agreed to disburse in the future. Future paid-in share capital commitments made by Canada for future purchases of non-budgetary share capital in international organizations are also included.

17. Guarantees, Environmental Liabilities and Contingent Liabilities

Contingent liabilities arise in the normal course of operations and their ultimate disposition is unknown. They are grouped into contingent liabilities related to: guarantees provided by the Government, international organizations, environmental liabilities, claims and pending and threatened litigation, and insurance programs of agent enterprise Crown corporations.

i. Guarantees provided by the Government

At March 31, 2014, the principal amount outstanding for guarantees provided by the Government amount to $407,039 million ($392,119 million in 2013) for which an allowance of $386 million ($428 million in 2013) has been recorded. The authorized limit, where applicable, is established at $355,006 million ($348,609 million in 2013) for an amount of $160,435 million ($146,512 million in 2013) of guarantees provided by the Government. Guarantees provided by the Government include guarantees on the borrowings of enterprise Crown corporations and other government business enterprises, loan guarantees, insurance programs managed by the Government, and other explicit guarantees. Of the total amount guaranteed, $245,223 million ($243,581 million in 2013) relates to guarantees on the borrowings of agent enterprise Crown corporations for which no authorized limit has been set and no allowance (nil in 2013) has been recorded.

ii. International organizations

The Government has callable share capital in certain international organizations that could require payments to those agencies. As at March 31, 2014, callable share capital amounts to $28,217 million ($26,094 million in 2013).

iii. Environmental liabilities

(a) Remediation of contaminated sites

The Government has identified approximately 11,600 sites for which environmental liabilities may exist for assessment, remediation and monitoring. Of these, the Government has identified approximately 2,500 sites (2,300 sites in 2013), where action is possible and for which a liability of $4,796 million ($4,892 million in 2013) has been recorded. Of the remaining 9,100 sites, 2,400 sites were closed as they were either remediated or assessed and found not to be contaminated and 6,700 sites are currently without an accrued liability primarily due to the fact the sites are not yet fully assessed and contamination has not yet been determined or they have not developed a detailed remediation plan. As the sites are assessed, if contamination is found, and it exceeds the environmental standard, a liability will be recognized as soon as a reasonable estimate can be made.

(b) Future asset restoration and Unexploded Explosive Ordnance (UXO)

The total future asset restoration liability is $6,347 million ($5,708 million in 2013) of which Atomic Energy of Canada Ltd. (AECL) has recorded $6,327 million ($5,688 million in 2013) for nuclear facility decommissioning. In 2013-2014, AECL reviewed and revised a key assumption underlying the decommissioning and waste management liability cost estimate. The presence of an operating reactor affects the attribution of indirect site operating and support costs included in the liability estimate. Previously, it was assumed that there would be an operating reactor on the Chalk River site throughout most of the decommissioning plan period. As a result of more recent restructuring decisions around the future of the NRU reactor and the possibility and timing of a replacement reactor, it was decided to adopt a more relevant position and assume no replacement reactor, as the reference assumption. This change in assumption increases the indirect cost attribution included in the cost estimate and increased the reported liability by $623 million.

In addition, the Government has identified approximately 865 unexploded explosive ordnance (UXO) suspected sites for which clearance action may be necessary. Of these sites, 63 (50 in 2013) are confirmed UXO affected sites. Based on the Government's best estimates, a liability of $2 million ($3 million in 2013) has been recorded for clearance action on 6 (8 in 2013) of the confirmed UXO sites. The remaining 802 suspect sites are currently in the assessment stage and a reasonable estimate cannot yet be determined. Of these sites, the obligation for clearance action is likely for 74 sites, indeterminable for 715 sites and unlikely for 13 sites.

The Government's ongoing efforts to assess contaminated sites, future asset restoration obligations and UXO affected sites may result in additional environmental liabilities related to newly identified sites or changes in the assessments of existing sites. Any additional liabilities will be accrued in the year in which they become known and can be reasonably estimated.

iv. Claims and pending and threatened litigation

There are thousands of claims and pending and threatened litigation cases outstanding against the Government. These claims include items with pleading amounts and items where an amount is not specified. While the total amount claimed in these actions is significant, their outcomes are not determinable. The Government has recorded an allowance for claims and litigation where it is likely that there will be a future payment and a reasonable estimate of the loss can be made. Claims and litigation for which the outcome is not determinable and for which an amount has not been accrued, are estimated at approximately $7,300 million ($7,041 million in 2013) which is based on management's best estimate determined on a case by case basis. Certain large and significant claims are described below:

Comprehensive land claims: Comprehensive land claims arise in areas of the country where Aboriginal rights and title have not been resolved by treaty or by other legal means. There are currently 81 (81 in 2013) comprehensive land claims under negotiation, accepted for negotiation or under review. A liability of $3,912 million ($3,825 million in 2013) is estimated for claims that have progressed to a point where quantification is possible. This estimate includes projections based on historical rates and costs of settlement for similar claims.

Specific claims: Specific claims deal with the past grievances of First Nations related to Canada's obligations under historic treaties or the way it managed First Nations' funds or other assets. The Government of Canada will pursue a settlement agreement with the First Nation when a claim demonstrates an outstanding lawful obligation. There are currently 447 (448 in 2013) specific claims under negotiation, accepted for negotiation or under review. A liability of $3,265 million ($3,796 million in 2013) is estimated for claims that have progressed to a point where quantification is possible. This estimate includes projections based on historical rates and costs of settlement for similar claims.

Assessed taxes under objection or appeal: Contingent liabilities include previously assessed taxes where amounts are under objection or are being appealed to the Tax Court of Canada, the Federal Court of Canada, or the Supreme Court of Canada. As of March 31, 2014, $22,230 million was under objection at the Government level ($20,566 million for 2013) and $4,715 million was being appealed to the courts ($5,080 million for 2013). The Government has recorded, in the amounts payable to taxpayers or in reduction of the amounts receivable from taxpayers, as applicable, the estimated amount of objections or appeals that are considered likely to be lost and that can be reasonably estimated.

v. Insurance programs of agent enterprise Crown corporations

Three agent enterprise Crown corporations operate insurance programs for the Government. In the event that the corporations have insufficient funds, the Government will have to provide financing. The Canada Deposit Insurance Corporation operates the Deposit Insurance Fund which provides basic protection coverage to depositors for up to $100,000 deposited with each member bank, trust or loan company; the Canada Mortgage and Housing Corporation operates the Mortgage Insurance Fund which provides insurance for mortgage lending on Canadian housing by private institutions and the Mortgage-Backed Securities Guarantee Fund which guarantees the timely payment of the principal and interest for investors of securities based on the *National Housing Act* through the Mortgage-Backed Securities program and the bonds issued by the Canada Housing Trust through the Canada Mortgage Bond program; and Export Development Canada provides export and foreign investment insurance to help with export trade. At March 31, 2014, total insurance in force amounts to $1,642,950 million ($1,622,793 million in 2013). The Government expects that all three corporations will cover the cost of both current claims and possible future claims.

Further details on contingent liabilities can be found in Section 11 (unaudited) of this volume.

18. Segmented Information

The Government segmented information is based on the ministry structure reported in the 2013-2014 Estimates, which groups the activities of departments and agencies for which a Minister is responsible, and the Crown corporations and other entities as described in Note 12. The five main ministries are reported separately and the others are grouped together with the provision for valuation and other items. The presentation by segment is based on the same accounting policies as those described in the Summary of significant accounting policies in Note 1. Inter-segment transfers are measured at the exchange amount. The following tables present the segmented information by Ministry and Crown corporations and other entities before the elimination of internal transactions that are eliminated in the Adjustments column before arriving at the total for the year ended March 31:

(in millions of dollars)

					2014				
	Canada Revenue Agency	Finance	Employment and Social Development	National Defence	Public Safety and Emergency Preparedness	Other ministries	Crown corporations and other entities	Adjustments [1]	Total
Revenues									
Tax Revenues —									
Income tax revenues	173,802								173,802
Other taxes and duties	19,233				26,903				46,136
Total Tax Revenues	***193,035***				***26,903***				***219,938***
Employment Insurance Premiums			***22,160***					***(394)***	***21,766***
Other Revenues —									
Crown corporations							15,843	(4,388)	11,455
Other programs	5,830	795	2,624	528	2,202	11,619	415	(7,177)	16,836
Net foreign exchange		1,682							1,682
Total Other Revenues	***5,830***	***2,477***	***2,624***	***528***	***2,202***	***11,619***	***16,258***	***(11,565)***	***29,973***
Total Revenues	***198,865***	***2,477***	***24,784***	***528***	***29,105***	***11,619***	***16,258***	***(11,959)***	***271,677***
Expenses									
Transfer Payments —									
Old age security benefits, guaranteed income supplement and spouse's allowance			41,786						41,786
Major transfer payments to other levels of government		58,369				2,106			60,475
Employment insurance benefits			17,300						17,300
Children's benefits	10,402		2,734						13,136
Other transfer payments	3,361	1,100	6,322	159	2,097	23,228	516	(85)	36,698
Total Transfer Payments	***13,763***	***59,469***	***68,142***	***159***	***2,097***	***25,334***	***516***	***(85)***	***169,395***
Other Program Expenses —									
Crown corporations							7,885	(401)	7,484
Ministries	8,109	818	4,782	22,019	10,008	37,187	271	(11,466)	71,728
Total Other Program Expenses	***8,109***	***818***	***4,782***	***22,019***	***10,008***	***37,187***	***8,156***	***(11,867)***	***79,212***
Total Program Expenses	***21,872***	***60,287***	***72,924***	***22,178***	***12,105***	***62,521***	***8,672***	***(11,952)***	***248,607***
Public Debt Charges		***27,999***		***26***	***1***	***201***		***(7)***	***28,220***
Total Expenses	***21,872***	***88,286***	***72,924***	***22,204***	***12,106***	***62,722***	***8,672***	***(11,959)***	***276,827***

Details providing total expenses by segment and type can be found in Section 3 (unaudited) of this volume.

[1] Represents consolidation adjustments to eliminate internal transactions.

(in millions of dollars)

	Canada Revenue Agency	Finance	Employment and Social Development	National Defence	Public Safety and Emergency Preparedness	Other ministries	Crown corporations and other entities	Adjustments [1]	Total
	2013								
		Restated (Note 2)				Restated (Note 2)			
Revenues									
Tax Revenues —									
Income tax revenues	165,787								165,787
Other taxes and duties	17,958				25,593				43,551
Total Tax Revenues	***183,745***				***25,593***				***209,338***
Employment Insurance Premiums			***20,796***					***(401)***	***20,395***
Other Revenues —									
Crown corporations							15,984	(4,536)	11,448
Other programs	4,373	656	2,704	476	2,247	10,243	516	(7,263)	13,952
Net foreign exchange		1,502							1,502
Total Other Revenues	***4,373***	***2,158***	***2,704***	***476***	***2,247***	***10,243***	***16,500***	***(11,799)***	***26,902***
Total Revenues	***188,118***	***2,158***	***23,500***	***476***	***27,840***	***10,243***	***16,500***	***(12,200)***	***256,635***
Expenses									
Transfer Payments —									
Old age security benefits, guaranteed income supplement and spouse's allowance			40,255						40,255
Major transfer payments to other levels of government		56,406				1,964			58,370
Employment insurance benefits			17,099						17,099
Children's benefits	10,266		2,709						12,975
Other transfer payments	3,527	868	6,088	181	274	23,495	667	(238)	34,862
Total Transfer Payments	***13,793***	***57,274***	***66,151***	***181***	***274***	***25,459***	***667***	***(238)***	***163,561***
Other Program Expenses —									
Crown corporations							9,857	(345)	9,512
Ministries	7,909	832	4,743	23,629	9,764	37,590	251	(11,612)	73,106
Total Other Program Expenses	***7,909***	***832***	***4,743***	***23,629***	***9,764***	***37,590***	***10,108***	***(11,957)***	***82,618***
Total Program Expenses	***21,702***	***58,106***	***70,894***	***23,810***	***10,038***	***63,049***	***10,775***	***(12,195)***	***246,179***
Public Debt Charges		***28,664***		***29***		***183***		***(5)***	***28,871***
Total Expenses	***21,702***	***86,770***	***70,894***	***23,839***	***10,038***	***63,232***	***10,775***	***(12,200)***	***275,050***

Details providing total expenses by segment and type can be found in Section 3 (unaudited) of this volume.
Certain comparative figures have been reclassified to conform to the current Government structure.

[1] Represents consolidation adjustments to eliminate internal transactions.

19. Subsequent Event

Spectrum license auction

On February 13, 2014, Industry Canada completed its 700 megahertz (MHz) wireless spectrum licence auction, which will raise $5,270 million in revenue over the 20 year term of the licences. Under the terms of the auction, provisional winners paid $1,070 million within 10 business days of the announcement of the results. This amount was recorded as deferred revenue and reported on the Consolidated Statement of Financial Position. The remaining $4,200 million was received on April 2, 2014 and recorded as deferred revenue in the 2014-2015 fiscal year. Deferred revenue from the auction will be recognized as other program revenue on the Consolidated Statement of Operations and Accumulated Deficit on a straight-line basis over the 20 year term of the licences.

Observations of the Auditor General of Canada on the Consolidated Financial Statements of the Government of Canada For the Year Ended 31 March 2014

Our opinion provides assurance that the Government of Canada is properly reporting its overall financial performance to Parliament and to Canadians. Reporting the government's financial results requires significant effort by public servants. Staff in individual departments and central agencies work together to prepare the government's consolidated financial statements. For the 16th consecutive year, we have expressed an unmodified audit opinion on the consolidated financial statements, and we thank those involved for their assistance and for the cooperation extended to my Office during the audit.

The purpose of these Observations is to comment on matters that we would like to bring to Parliament's attention.

National Defence — Inventory and Asset-Pooled Items

Since the Government of Canada first recorded inventory in its consolidated financial statements 11 years ago, we have been reporting on National Defence's challenges in properly recording and valuing its inventory and asset-pooled items (tangible capital assets that are managed in a manner similar to that of inventory). Hundreds of millions of dollars of corrections are needed each year to present the government's consolidated financial statements. These challenges are significant because

- National Defence's inventories represent $6.4 billion of the government's total $7.3 billion of inventory, and
- asset-pooled items represent an additional $3.4 billion net value of assets.

In last year's observations, we noted the importance of implementing effective compensating controls until certain initiatives aimed at resolving difficulties with proper recording and valuing of inventory and asset-pooled items are implemented fully. We also outlined specific compensating controls to assist National Defence in addressing these difficulties during the interim period. Progress is as follows.

Recommended compensating controls	**Current year progress**
Perform physical counts at each year-end, focusing, at a minimum, on high-dollar value and high-risk items, to ensure that the quantities recorded for inventory and asset-pooled items reflect the actual quantities in stock.	We noted some progress. National Defence performed test counts of certain high-dollar value items in January and March 2014. We encourage the Department to continue to work towards performing more physical counts at year-end.
Put in place processes and procedures to maintain the integrity of price data across all inventory accounts and asset-pooled items, to ensure that accurate pricing is available.	We noted limited progress. However, given the errors identified this year, efforts to improve management of inventory and asset-pooled items are still required in these areas.
Determine the root causes of quantity and pricing differences identified during the counts, and take corrective and timely action to ensure that records are complete and accurate.	
Extend the investigation of identified errors across all other similar accounts.	
Establish and use contra accounts to ensure timely write-downs and write-offs of damaged and obsolete inventory and asset-pooled items, in order to record them at appropriate values.	

In October 2013, National Defence tabled a plan, in response to a June 2013 recommendation made by the Standing Committee on Public Accounts, outlining specific initiatives and timelines for how it intends to improve accounting for its inventory and asset-pooled items. One of the components in the plan was the transition to a single resource management system by December 2013, to enable the Department to accurately track and account for its inventory and asset-pooled items.

During the year, National Defence converted its inventory and asset-pooled items to the resource management system. However, the conversion was not sufficiently planned, and led to the Department recording additional year-end adjustments of approximately $1 billion to reduce the value of inventory and asset-pooled items to correct for issues on conversion. Correcting the underlying detailed records for inventory and asset-pooled items will require more work.

After more than a decade, National Defence needs to take action to fix its problems with inventory and asset-pooled items.

Continuing Matters

In the past, we have reported the following matters in the Observations:

Matters requiring further action

Observation	Current status
Canada Border Services Agency — Tax Revenue System Deficiencies	For several years, we have stated that the Canada Border Services Agency needed to improve its tax revenue accounting systems and practices, because of unexplained differences between the general ledger and the various reports taken from customs tax program systems. In last year's Observations we reported that the Agency had completed its historical GST/HST revenue reconciliations and is now performing ongoing monthly reconciliations. To address some concerns raised about its tax revenue accounting systems and practices, the Agency advised us in 2011 of its plans to implement a new accounts receivable system by 1 April 2013. After numerous changes in the plans and the timing over several years, the Agency delayed the date, last year, for the scheduled implementation of the new accounts receivable system to 31 March 2015. This year, the Agency has advised us that it has further delayed implementation of the new accounts receivable system to October 2015, to reduce the impact of the implementation on operations. The Agency has manual processes in place to produce the information needed for the annual financial audit, but lacks the details needed to better manage accounts receivable. To improve the information used in the management of accounts receivable and financial reporting, we encourage the Agency to implement its new accounts receivable system without further delay.
National Defence — Tangible Capital Assets	In the past, we have reported that National Defence has had difficulties in accounting for changes to tangible capital assets on a timely basis. These difficulties include delays in beginning to amortize new tangible capital assets that have been put into use, and in removing unproductive tangible capital assets from its records. Last year, we recommended the use of contra accounts to improve the accuracy and timeliness of financial reporting. During the year, National Defence slowly continued to make progress in identifying necessary write-downs and write-offs of tangible capital assets. However, we noted that the Department did not use contra accounts and is still experiencing delays in amortizing new tangible capital assets. To ensure that the amounts recorded are complete and accurate, National Defence should continue its efforts to identify and record changes to tangible capital assets on a timely basis.

Section 3

2013-2014

Public Accounts of Canada

Revenues, Expenses and Accumulated Deficit

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Revenues, Expenses and Accumulated Deficit

This section provides information on the revenues, expenses and accumulated deficit of the Government as summarized in Table 3.1.

A narrative description is provided for certain accounts reported in some tables. Such description follows the same presentation order as the respective tables.

Table 3.1

Revenues, Expenses and Accumulated Deficit

(in millions of dollars)

	2013-2014	2012-2013 Restated [1]
Revenues —		
Tax revenues, Table 3.2	219,938	209,338
Employment insurance premiums	21,766	20,395
Other revenues, Table 3.4	29,973	26,902
Total revenues	**271,677**	**256,635**
Expenses —		
Transfer payments	169,395	163,561
Other program expenses	79,212	82,618
Total Program Expenses	***248,607***	***246,179***
Public debt charges, Table 3.8	28,220	28,871
Total Expenses, Table 3.6	**276,827**	**275,050**
Annual deficit	**5,150**	**18,415**
Accumulated Deficit at Beginning of Year — as Previously Reported	**602,441**	**583,576**
Accounting Changes and Restatement —		
Unamortized premiums and discounts on the buy-back of bonds	5,387	5,669
Loans expected to be repaid from future appropriations	1,563	1,795
Accumulated Deficit at Beginning of Year — as Restated	**609,391**	**591,040**
Other Comprehensive Income	**(2,660)**	**(64)**
Accumulated Deficit at End of Year	**611,881**	**609,391**

[1] Certain comparative figures have been restated. Details on the restatement can be found in Note 2, Section 2 of this volume.

Revenues

Revenues consist of all tax and other amounts which enter into the calculation of the annual surplus or deficit of the Government.

Accounting for Revenues

The Government reports all revenues on an accrual basis.

Tax revenues are recognized in the period in which the taxable event occurs and when they are authorized by legislation or the ability to assess and collect the tax has been provided through legislative convention. Tax revenues are reported net of refunds and are exclusive of amounts collected on behalf of provinces and territories.

Revenues for the fiscal year ended March 31 are based on amounts assessed/reassessed at the time of preparation of the consolidated financial statements and estimates of income tax earned in the fiscal period but not yet assessed/reassessed. These estimates are based on amounts received at the time of preparation of the consolidated financial statements that relate to the fiscal year ended March 31 that have not been assessed or that are awaiting reassessment. Actual results may differ significantly from these estimates. Differences between estimates and actuals are recorded in the fiscal year in which the actual assessment/reassessment is completed. Revenues do not include estimates for amounts of unreported taxes or the impact of future reassessments that cannot be reasonably determined.

Tax expenditures that reduce taxes paid or payable are considered tax concessions and are netted against the applicable tax revenue. As foregone revenue, tax concessions do not give rise to assets or expenses of the taxing government. Tax expenditures that provide a financial benefit through the tax system and are not related to the relief of taxes paid or payable, are shown as other transfer payment expenses and are not netted against tax revenue.

Income tax revenue is recognized when the taxpayer has earned the income subject to tax. Revenue is determined net of tax concessions allowed under the *Income Tax Act* and in accordance with the Public Sector Accounting Standard for Tax Revenue.

Goods and services tax, and excise and customs revenues are recorded based on the tax and duties assessed and estimated at the time of preparation of the consolidated financial statements that relate to the fiscal year ended March 31. For domestic goods and services tax, revenue is recognized at the time of the sale of goods or the provision of services. For excise duties, revenue is recognized when the taxpayer manufactures goods taxable under the *Excise Act*. For excise taxes, revenue is recognized when a taxpayer sells goods taxable under the *Excise Act*. For customs duties and goods and services tax on imports, revenue is recognized when goods are authorized by the Canada Border Services Agency to enter Canada.

Employment insurance premiums are recognized in revenue in the same period as the insurable earnings are earned. Other revenues are recognized in the period to which they relate.

Tax Revenues

Tax revenues include personal, corporate and non-resident income tax revenues, and other taxes and duties as summarized in Table 3.2.

Table 3.2
Tax Revenues

(in millions of dollars)

	2013-2014	2012-2013
Tax revenues —		
Income tax revenues —		
Personal	130,811	125,728
Corporate	36,587	34,986
Non-resident	6,404	5,073
	173,802	***165,787***
Other taxes and duties —		
Goods and services tax, Table 3.3	30,998	28,821
Energy taxes —		
Excise tax — Gasoline	4,290	4,228
Excise tax — Aviation gasoline and diesel fuel	1,196	1,153
	5,486	*5,381*
Customs import duties	4,239	3,979
Other excise taxes and duties —		
Excise duties	4,479	4,414
Air travellers security charge	662	636
Softwood lumber products export charge	53	160
Other miscellaneous excise taxes and duties	219	160
	5,413	*5,370*
	46,136	***43,551***
Total tax revenues (1)	219,938	209,338

(1) Additional details are provided in Table 4a in Section 1 of Volume II of the *Public Accounts of Canada*.

Personal income tax

Personal income tax is levied on personal income under the provisions of the *Income Tax Act*.

Corporate income tax

Corporate income tax is levied on corporate income under the provisions of the *Income Tax Act*.

Non-resident income tax

Non-resident income tax is levied on income earned in Canada by non-residents under the provisions of the *Income Tax Act*. This tax is derived from tax withheld from dividends, interest, rents, royalties, alimony, and income from estates and trusts paid to non-residents.

Non-resident income tax revenues also include withholding taxes on income earned in Canada by non-resident life insurance companies and income from trusts.

Other taxes and duties

Other taxes and duties are collected under the *Excise Tax Act*, *Customs Tariff* (Act) and other acts and include the goods and services tax, energy taxes, customs import duties, and other excise taxes and duties.

Goods and services tax

The goods and services tax (GST) became effective January 1, 1991. The GST is applied at a rate of 5 percent on most goods and services consumed in Canada, with only a limited set of exclusions that include certain medical devices, prescription drugs, basic groceries, residential rents and most health and dental care services. A comparative analysis of the GST is presented in Table 3.3.

Table 3.3
Goods and Services Tax (GST) (1)

(in millions of dollars)

	2013-2014	2012-2013
GST	36,903	34,731
Less: remission order for the GST paid and accrued by ministries on or for goods and services purchased from outside parties	1,795	1,880
Gross GST from outside parties	35,108	32,851
Less: quarterly tax credits	4,110	4,030
Net GST from outside parties	30,998	28,821

(1) Reported in the Consolidated Statement of Operations and Accumulated Deficit (Section 2 of this volume).

Energy taxes

Energy taxes primarily include the excise tax on gasoline, aviation gas and diesel fuel.

Customs import duties

Revenues from customs import duties consist mainly of ad valorem taxes on the importation of goods levied under the *Customs Tariff* (Act).

Other excise taxes and duties

Excise taxes and duties are levied on alcoholic beverages and tobacco products. In addition, excise taxes are imposed on other items such as passenger vehicle air conditioners. The air travelers security charges are collected by air carriers at the time of payment for the air travel by the purchaser of an air transportation service.

The Softwood Lumber Products export charge is assessed on exports of softwood lumber products to the United States after September 30, 2006. The charge on refunds of softwood lumber duty deposits is assessed on amounts refunded to Canadian companies on amounts related to a United States duty order related to the importation of softwood lumber products into the United States between May 22, 2002 and September 30, 2006.

Employment Insurance Premiums

Premiums from employees and employers are levied under the provisions of the *Employment Insurance Act* and are classified as part of revenues. Additional details on employment insurance premiums are provided in Section 4 of this volume.

Other Revenues

Other revenues include Crown corporations, other program and net foreign exchange revenues.

Table 3.4
Other Revenues
(in millions of dollars)

	2013-2014	2012-2013
Other revenues —		
Crown corporations		
Consolidated Crown corporations	3,489	3,905
Enterprise Crown corporations and other government business enterprises —		
Share of annual profit	5,946	4,995
Interest and other	2,020	2,548
	11,455	*11,448*
Other programs		
Return on investments, Table 3.5	1,604	1,159
Sales of goods and services		
Rights and privileges	2,442	2,103
Lease and use of public property	615	612
Services of a regulatory nature	1,327	1,251
Services of a non-regulatory nature	3,223	3,262
Sales of goods and information products	210	199
Other fees and charges	502	500
	8,319	*7,927*
Miscellaneous		
Interest and penalties	5,290	3,822
Other	1,623	1,044
	16,836	*13,952*
Net foreign exchange		
Exchange Fund Account	1,505	1,401
International Monetary Fund	176	101
Other	1	
	1,682	*1,502*
Total other revenues (1)	29,973	26,902

(1) Additional details are provided in Table 4a in Section 1 of Volume II of the *Public Accounts of Canada*.

Crown corporations

Crown corporation revenues include revenues earned from third parties by Consolidated Crown corporations and other entities, interest earned on loans to enterprise Crown corporations and other government business enterprises, and the government's share of the accumulated profits or losses of enterprise Crown corporations and other government business enterprises.

Other programs

Other program revenues include sales of goods and services, return on investments, and miscellaneous revenues. Details are reported by individual ministry in Volume II of the *Public Accounts of Canada*.

Net foreign exchange

Net foreign exchange revenues include the revenues from investments held in the Exchange Fund Account and the International Monetary Fund, as well as the net gains or losses resulting from the translation of these investments to Canadian dollars at March 31. Net foreign exchange revenues also include the net gains or losses resulting from foreign debt and currency swap revaluations.

Return on investments

Return on investments consists mainly of interest from loans and advances, dividends from investments, and transfer of profits and surpluses for loans, investments and advances other than those in enterprises Crown corporations and government business enterprises. A comparative analysis of return on investments is presented in Table 3.5.

Table 3.5

Return on Investments (1)

(in millions of dollars)

	2013-2014	2012-2013
Cash and accounts receivable		
Interest on bank deposits	331	223
Loans, investments and advances		
Portfolio investments	1	1
National governments including developing countries	4	3
International organizations	1	1
Provincial and territorial governments	(2)	(2)
Other loans, investments and advances	840	755
	846	760
Other accounts		
Esso Ltd – Norman Wells Project – Profits	83	109
Other	1	1
	84	110
Total ministerial return on investments	1,261	1,093
Net gain on exchange	347	69
Accrual of other revenues	23	21
Total return on investments	1,631	1,183
Elimination of return on investments internal to the Government	(27)	(24)
Total external return on investments	1,604	1,159

(1) Additional details are provided in Table 4a in Section 1 of Volume II, and in Section 10 of Volume III of the *Public Accounts of Canada*.
(2) Less than $500,000.

Expenses

Expenses consist of all charges which enter into the calculation of the annual deficit or surplus of the Government.

Accounting for Expenses

The Government reports all expenses on an accrual basis.

Expenses for Government operations are recorded when goods are received or services are rendered. Transfer payments are recorded as expenses when the recipients have met all the eligibility criteria and the transfers are authorized by the consolidated financial statements date. In the case of transfers that do not form part of an existing program, the transfers are considered to be authorized when the Government announces a decision to make a non-recurring transfer, provided the enabling legislation or authorization for payment receives parliamentary approval prior to the completion of the consolidated financial statements. Public debt charges are recorded when incurred and include interest, servicing costs, costs of issuing new borrowings, amortization of premiums and discounts on market debt, as well as interest on public sector pensions and other employee and veteran future benefits.

Table 3.6

External Expenses by Segment and by Type

(in millions of dollars)

	Major transfer payments [1]		Other transfer payments	
	2013-2014	2012-2013	2013-2014	2012-2013
Ministries				
Agriculture and Agri-Food			1,536	1,848
Atlantic Canada Opportunities Agency			180	158
Canada Revenue Agency	10,402	10,266	3,362	3,527
Canadian Heritage			1,150	1,080
Canadian Northern Economic Development Agency			36	37
Citizenship and Immigration			953	936
Economic Development Agency of Canada for the Regions of Quebec			137	172
Employment and Social Development	61,820	60,063	6,322	6,098
Environment			93	119
Finance	58,369	56,806	1,100	868
Fisheries and Oceans			85	88
Foreign Affairs, Trade and Development			3,913	3,738
Governor General				
Health			2,816	2,656
Indian Affairs and Northern Development			6,192	6,233
Industry			2,603	2,287
Justice			336	376
National Defence			159	181
Natural Resources			1,176	1,036
Office of Infrastructure of Canada	2,106	1,964	1,353	1,757
Parliament			1	1
Privy Council Office			16	24
Public Safety and Emergency Preparedness			2,087	728
Public Works and Government Services				6
Transport			361	358
Treasury Board				
Veterans Affairs			13	14
Western Economic Diversification			132	129
Provision for valuation and other items				
Total ministries	132,697	128,699	36,182	33,195
Crown corporations and other entities			516	667
Total expenses [2]	132,697	128,699	36,698	33,862

[1] Includes transfer payments of $41,786 million ($40,253 million in 2013) for the Old age security benefits, the guaranteed income supplement and the spouse's allowance; $60,475 million ($58,370 million in 2013) to other levels of government; $17,300 million ($17,099 million in 2013) for the Employment insurance benefits and $13,136 million ($12,915 million in 2013) for the Children's benefits. Additional information is provided in Table 3.7 of this Section.

[2] Additional information is provided in Table 2a in Section 1 of Volume II of the *Public Accounts of Canada*.

Expenses include provisions to reflect changes in the value of assets or liabilities, including provisions for bad debts, for loans, investments and advances, and for inventory obsolescence. Expenses also include amortization of tangible capital assets and utilization of inventories and prepaid expenses.

On a day-to-day basis, organizations within the Government entity transact with each other and thus contribute to the amounts of revenues and expenses recorded in the accounts. In preparing the consolidated financial statements, these "internal transactions" are eliminated so as to report on the basis of transactions with outside parties only.

Table 3.6 presents external expenses by segment and by type.

Total transfer payments		Other program expenses		Public debt charges (3)		Total expenses	
2013-2014	2012-2013	2013-2014	2012-2013	2013-2014	2012-2013	2013-2014	2012-2013
			Restated (4)		Restated (4)		Restated (4)
1,536	1,848	896	927			2,432	2,775
180	158	73	102			253	260
13,764	13,793	7,841	7,662			21,605	21,455
1,130	1,040	525	561			1,655	1,601
36	37	13	13			49	50
953	936	1,009	1,024			1,962	1,960
137	172	60	61			197	233
68,142	66,161	3,147	3,094			71,289	69,255
94	119	1,549	1,522	1	1	1,644	1,642
59,469	57,274	541	533	27,991	28,659	88,001	86,466
85	88	1,670	1,597			1,755	1,685
3,913	3,738	2,034	1,854			5,947	5,592
		20	21			20	21
2,818	2,656	3,376	3,441			6,194	6,097
6,152	6,233	644	1,686			6,796	7,919
2,605	2,297	2,055	2,166			4,660	4,463
339	378	1,182	1,148			1,521	1,526
159	181	21,511	22,978	26	29	21,696	23,188
1,176	1,076	1,010	1,023	3	3	2,189	2,102
3,461	3,701	50	46			3,511	3,747
1	1	534	548			535	549
16	24	277	282			293	306
2,097	275	9,773	9,267	1		11,871	9,542
	6	4,181	3,869	156	137	4,337	4,012
464	559	845	881	42	42	1,351	1,482
		2,947	2,870			2,947	2,870
15	14	882	889			897	903
137	129	45	49			182	178
		2,875	2,821			2,875	2,821
168,879	162,894	71,565	72,935	28,220	28,871	268,664	264,700
516	667	7,647	9,683			8,163	10,350
169,395	163,561	79,212	82,618	28,220	28,871	276,827	275,050

(3) Additional information is provided in Table 3.8 of this volume.
(4) Certain comparative figures have been restated. Details on the restatement can be found in Note 2, Section 2 of this volume.

Expenses by Segment

The Government's segmented information, which is based on the ministry structure reported in the 2013-2014 Estimates, groups activities for the departments and agencies for which a Minister is responsible, and for the Crown corporations and other entities as described in Note 12 to the consolidated financial statements in Section 2 of this volume.

Government's Cost of Operations

Government's Cost of Operations consists of three major types: transfer payments, other program expenses and public debt charges.

Transfer payments

The major transfer payments include payments to persons and payments to provinces and territories.

Payments to persons include payments for income support or income supplement. Assistance is based on age, family status, income, and employment criteria.

Payments to provinces and territories are made under the following programs:

- The fiscal arrangements are unconditional fiscal transfer payments to lower income provinces including subsidies under the Constitution Acts; and
- The Canada health transfer and the Canada social transfer are the major means for providing the federal share of social programs administered by the provinces.

The other transfer payments include various subsidies paid through federal programs to stabilize market prices for commodities, to develop new technologies, to conduct research, to establish new jobs through support for training and to promote educational and cultural activities. Also included are expenses of other consolidated entities and other miscellaneous payments.

Other program expenses

This category covers the costs associated with programs directly delivered by the federal government such as national defence, food inspection, the Coast Guard, the federal court system, the operation of health facilities for natives and veterans, and the national parks system. It also includes the expenses of consolidated Crown corporations and other entities incurred with third parties.

Table 3.7 presents a comparative analysis by province and territory of certain transfer payments.

Table 3.7
Major Transfer Payments by Province and Territory

(in millions of dollars)

	Fiscal Year	Old age security benefits [1]	Employment insurance benefits	Fiscal arrangements	Quebec abatement [2]	Canada health transfer	Canada social transfer	Other major transfers [3]	Children's benefits	Total
Newfoundland and Labrador	2013-2014	842	976	2		525	189	31		2,565
	2012-2013	810	965	2		438	175	31		2,421
Prince Edward Island	2013-2014	208	229	340		128	50	29		984
	2012-2013	200	245	338		122	50	40		995
Nova Scotia	2013-2014	1,375	816	1,810		840	327	84		5,252
	2012-2013	1,327	844	1,727		800	324	28		5,050
New Brunswick	2013-2014	1,162	892	1,564		683	264	111		4,676
	2012-2013	1,121	927	1,600		635	257			4,540
Quebec	2013-2014	11,630	3,954	7,839	(4,223)	7,410	2,854	1,931		31,395
	2012-2013	11,210	3,993	7,759	(4,093)	6,761	2,738	1,197		29,565
Ontario	2013-2014	15,686	5,835	3,178		11,956	4,689	747		42,091
	2012-2013	15,041	5,589	3,269		11,335	4,591	824		40,649
Manitoba	2013-2014	1,468	534	1,802		1,099	435	66		5,404
	2012-2013	1,425	519	1,874		1,065	431	66		5,380
Saskatchewan	2013-2014	1,279	446	2		968	389	56		3,140
	2012-2013	1,258	428	2		941	367	56		3,052
Alberta	2013-2014	3,394	1,492	5		2,804	1,406	200		9,301
	2012-2013	3,272	1,353	4		2,681	1,315	199		8,824
British Columbia	2013-2014	5,796	2,024	4		4,043	1,571	(69)		13,369
	2012-2013	5,537	2,068	3		4,047	1,573	(69)		13,159
Total provinces	2013-2014	42,840	17,198	16,546	(4,223)	30,456	12,174	3,186		118,177
	2012-2013	41,201	16,931	16,578	(4,093)	28,825	11,821	2,372		113,635
Northwest Territories	2013-2014	24	34	1,121		22	15	15		1,231
	2012-2013	23	34	1,070		27	15	15		1,184
Nunavut	2013-2014	10	21	1,350		35	13	15		1,444
	2012-2013	10	22	1,273		30	12	15		1,362
Yukon Territory	2013-2014	27	34	816		30	13	52		972
	2012-2013	26	34	767		30	12			869
International	2013-2014	255	13							268
	2012-2013	245	78							323
Sub-total	2013-2014	43,156	17,300	19,833	(4,223)	30,543	12,215	3,268		122,092
	2012-2013	41,505	17,099	19,688	(4,093)	28,912	11,860	2,402		117,373
Accrual and other adjustments	2013-2014	(1,370)						(1,161)		(2,531)
	2012-2013	(1,250)						(399)		(1,649)
Sub-total	2013-2014	41,786	17,300	19,833	(4,223)	30,543	12,215	2,107		119,561
	2012-2013	40,255	17,099	19,688	(4,093)	28,912	11,860	2,003		115,724
Add: transfers made through the tax system	2013-2014								13,136	13,136
	2012-2013								12,975	12,975
Total Expenses	2013-2014	41,786	17,300	19,833	(4,223)	30,543	12,215	2,107	13,136	132,697
	2012-2013	40,255	17,099	19,688	(4,093)	28,912	11,860	2,003	12,975	128,699

Certain comparative figures have been reclassified to conform to the current year's presentation.

(1) Includes the guaranteed income supplement and the spouse's allowance.

(2) The Quebec Abatement is comprised of federal tax abated under the Alternative Payments for Standing Programs and the Youth Allowance Program of that province.

(3) Includes the contributions under the Gas Tax Fund of $2,107 million as well as net payments to provinces for assistance with sales tax harmonization of $1,161 million previously accrued.

Public debt charges

Public debt charges include the interest on unmatured debt and on pensions, other future benefits and other liabilities, the amortization of premiums and discounts on unmatured debt, and the servicing costs and the costs of issuing new borrowings.

A comparative summary of public debt charges is presented in Table 3.8. The table also discloses the reconciling items between total public debt charges as reported in the ministerial section of the Department of Finance (Section 11) of Volume II and the total expenses of the public debt indicated in Table 3.6. The reconciling items include the expenses of the consolidated specified purpose accounts and accrual and other adjustments.

Table 3.8

Public debt charges (1)

(in millions of dollars)

	2013-2014	2012-2013 Restated (3)
Unmatured debt		
Interest on:		
Marketable bonds	14,067	14,491
Retail debt	58	76
Medium-term notes	1	
	14,126	*14,567*
Amortization of discounts on Canada and Treasury Bills		
Treasury bills	1,816	1,759
Canada bills	3	3
	1,819	*1,762*
Amortization of premiums and discounts on all other debts		
Marketable bonds	345	711
Consumer price index adjustments on real return bonds	629	164
	974	*875*
Cross-currency swap revaluation	(499)	(564)
Servicing costs and costs of issuing new borrowings	11	10
Capital lease obligations	214	208
Other unmatured debt	11	4
Total public debt charges related to unmatured debt	16,656	16,862
Pensions and other future benefits		
Interest on:		
Public sector pensions — Superannuation accounts	8,341	8,788
Less: provision for pension adjustment	358	374
	8,699	*9,162*
Other employee and veteran future benefits		
Public Service Health Care Plan and Pensioners' Dental Service Plan	858	896
Severance and other benefits	117	149
Accumulated sick leave entitlements	58	41
Worker's compensation	29	28
Veterans' disability and other future benefits	1,441	1,311
Royal Canadian Mounted Police disability and other future benefits	175	165
	2,679	*2,590*
Total public debt charges related to pensions and other future benefits	11,378	11,752
Other liabilities		
Canada Pension Plan	1	3
Government Annuities Account	17	13
Deposit and trust accounts	26	29
Other specified purpose accounts	183	203
Other liabilities	9	9
Total public debt charges related to other liabilities	236	257
Consolidated specified purpose accounts		
Interest	7	5
Total public debt charges related to consolidated specified purpose accounts	7	5
Total public debt charges before consolidation adjustments	28,277	28,876
Less: consolidation adjustments	7	5
Total public debt charges (1)(2)	28,270	28,871

Table 3.8
Public debt charges [1] — *Concluded*

(in millions of dollars)

	2013-2014	2012-2013 Restated [3]
Comprised of:		
Total public debt charges under statutory authorities before accrual and other adjustments and consolidation adjustments	25,012	25,700
Accrual and other adjustments	3,215	3,176
Consolidation adjustments	(7)	(5)
Total public debt charges	28,220	28,871

[1] A summary is provided in Table 2a in Section 1 of Volume II of the *Public Accounts of Canada*.

[2] Additional details are provided in Section 7 of Volume III of the *Public Accounts of Canada*.

[3] Certain comparative figures have been restated. Details on the restatement can be found in Note 2, Section 2 of this volume.

Expenses by Object

Table 3.9 reconciles the total net expenditures by object initially recorded by departments under the partial accrual method of accounting to the total expenses which is based on the full accrual method of accounting. Reconciliation items represent the effect of consolidation and full accrual accounting.

Table 3.9
Total Expenses by Object [1]

(in millions of dollars)

	Total net expenditures	Reconciliation	Total expenses
Transfer payments	139,614	29,781	169,395
Other program expenses			
Crown corporations [2]		7,059	7,059
Personnel	39,687	5,307	44,994
Transportation and communications	2,561	(89)	2,472
Information	283	(63)	220
Professional and special services	10,462	(2,709)	7,753
Rentals	2,922	(1,090)	1,832
Repair and maintenance	2,891	(393)	2,498
Utilities, materials and supplies	2,772	(311)	2,461
Acquisition of land, buildings and works	1,547	(1,547)	
Acquisition of machinery and equipment	3,519	(3,519)	
Other subsidies and expenses	9,276	(4,327)	4,949
Amortization of tangible capital assets		4,865	4,865
Net loss on disposal of assets		109	109
Total other program expenses	75,920	3,292	79,212
Public debt charges	25,012	3,208	28,220
Total gross expenses	240,546	36,281	276,827
Less: revenues netted against expenditures	10,584	(10,584)	
Total expenses	229,962	46,865	276,827

[1] Additional details are provided in Table 3a in Section 1 of Volume II of the *Public Accounts of Canada*.

[2] This amount differs from the expense shown on the Consolidated Statement of Operations and Accumulated Deficit due to the amortization of tangible capital assets and the net loss on disposal of assets of consolidated Crown corporations, which have been reclassified within their respective object of expense.

Expenditures under Statutory Authorities

Spending authorities provided by statutory authorities are for specified purposes and for such amounts and such time periods as the acts prescribe. These spending authorities do not generally lapse at the end of the year during which they were granted. Expenditures under such authorities account for approximatively half of the total program expenses each year.

Table 3.10 presents a comparative summary of the ministerial statutory expenditures.

Table 3.10
Expenditures under Statutory Authorities

(in millions of dollars)

	2013-2014	2012-2013
Old age security payments (*Old Age Security Act*)	31,911	30,590
Canada health transfer (Part V.1 — *Federal-Provincial Fiscal Arrangements Act*)	30,533	28,819
Public debt charges	25,012	25,982
Fiscal equalization (Part I — *Federal-Provincial Fiscal Arrangements Act*)	16,105	15,423
Canada social transfer (Part V.1 — *Federal-Provincial Fiscal Arrangements Act*)	12,215	11,859
Guaranteed income supplement payments (*Old Age Security Act*)	9,373	9,147
Territorial financing (Part I.1 — *Federal-Provincial Fiscal Arrangements Act*)	3,288	3,111
Universal child care benefit (*Universal Child Care Benefit Act*)	2,740	2,725
Payments to Provinces Regarding Sales Tax Harmonization (Part III.1 — *Federal-Provincial Fiscal Arrangements Act*)	1,161	438
Canada Education Savings grant payments to Registered Education Savings Plans (RESPs) trustees on behalf of RESP beneficiaries to encourage Canadians to save for post-secondary education for their children	760	719
Contribution payments for the AgriInsurance program	751	678
Payments to the Newfoundland Offshore Petroleum Resource Revenues Fund	732	566
Canada study grants to qualifying full and part-time students pursuant to the *Canada Student Financial Assistance Act*	725	680
Payments related to the direct financing arrangement under the *Canada Student Financial Assistance Act*	558	501
Allowance payments (*Old Age Security Act*)	528	554
Judges' salaries, allowances and annuities, annuities to spouses and children of judges and lump sum payments to spouses of judges who die while in office	490	474
Payments to International Development Association	442	442
	137,324	132,708
Superannuation, supplementary retirement benefits, death benefits and other pensions (1)		
Public Service —		
Government's contributions to the public service pension plan and the Retirement Compensation Arrangements Account	3,062	3,031
Government's contributions to the Canada and the Quebec Pension Plans	620	665
Government's contribution to the Employment Insurance Operating Account	285	297
Government's contributions to the Death Benefit Account	14	12
Total Contributions	3,981	4,005
Less: recoveries from revolving funds	106	118
	3,875	3,887
Canadian Forces —		
Government's contribution to the Canadian Forces pension plan and the Retirement Compensation Arrangements Account	1,133	1,141
Government's contribution to the Canada and the Quebec Pension Plans	187	183
Government's contribution as employer to the Employment Insurance Operating Account	85	79
Statutory payments under the *Supplementary Retirement Benefits Act*	3	4
Government's contribution to the Death Benefit Account	3	2
	1,411	1,409

Table 3.10
Expenditures under Statutory Authorities — *Concluded*

(in millions of dollars)

	2013-2014	2012-2013
Royal Canadian Mounted Police		
Government's contribution to the Royal Canadian Mounted Police pension plan and the Retirement Compensation Arrangements Account	372	333
Government's contribution to the Canada and the Quebec Pension Plans	52	56
Government's contribution as employer to the Employment Insurance Operating Account	23	24
Statutory payments under the *Supplementary Retirement Benefits Act*	9	10
	456	423
Shared Services Canada		
Government's contribution to the Employment Insurance Operation Account, the Royal Canadian Mounted Police pension plan and the Retirement Compensation Arrangements Account	5	3
Government's contribution to the Canada and the Quebec Pension Plans	1	
	6	3
All other statutory expenditures	8	1,678
Total ministerial expenditures under statutory authorities [2]	**143,080**	**140,108**

Certain comparative figures have been reclassified to conform to the current year's presentation.

[1] Details related to other pension accounts, such as the Members of Parliament Retiring Allowances Account, are not included.

[2] Additional information on the ministerial expenditures under statutory authorities are provided in Table 7 in Section 1 of Volume II of the *Public Accounts of Canada*.

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Section 4

2013-2014

Public Accounts of Canada

Consolidated Accounts

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Consolidated Crown Corporations and Other Entities

This section provides all related information on consolidated Crown corporations and other entities. Consolidated entities are those which rely on Government funding as their principal source of revenue and are controlled by the Government.

Consolidation involves the combination of the accounts of these corporations and other entities on a line-by-line and uniform basis of accounting and elimination of inter-organizational balances and transactions. Consequently, the corporations and other entities' accounts must be adjusted to the Government's basis of accounting. All corporations and other entities follow either Canadian Public Sector Accounting Standards or International Financial Reporting Standards. The financial information reported by all of the consolidated Crown corporations and other entities in the following summary tables have been prepared and reported based upon Canadian Public Sector Accounting Standards.

Summary Financial Statements of Consolidated Crown Corporations and Other Entities

The following tables display details of the assets, liabilities, revenues and expenses of the consolidated Crown corporations and other entities.

For those corporations and other entities having year ends other than March 31, the data are based on unaudited interim financial statements which have been prepared on a basis consistent with the most recent audited financial statements.

Tables 4.1 and 4.2 summarize the financial transactions and results of operations as reported by the consolidated Crown corporations and other entities.

Financial assets include cash and cash equivalents, receivables, loans and investments. Financial assets are segregated between third parties and Government, Crown corporations and other entities. The financial assets reported under Government, Crown corporations and other entities represent receivables, loans and investments between related parties. Non-financial assets represent the unexpensed portion of capital assets, inventories and prepayments such as buildings, machinery and equipment in use or under construction, inventories and other items of expenditure which will be expensed as these assets are used. Liabilities include payables, borrowings and other obligations. Liabilities are segregated between third parties and Government, Crown corporations and other entities. Borrowings from third parties represent long-term debts payable of the corporations and other entities. Other third party liabilities are amounts due for purchases, pensions and other employee future benefits, various accruals, capital leases and like items. The liabilities reported under Government, Crown corporations and other entities represent payables and borrowings between related parties.

Revenues are segregated between third parties and Government, Crown corporations and other entities. Government, Crown corporations and other entities' revenues are broken down further to identify revenues arising from normal operations and financial assistance received or receivable from the Government in respect of the current year's operations. Expenses are segregated between third parties and Government, Crown corporations and other entities. Equity transactions other than current year's net income or loss are segregated between equity adjustments and other, remeasurement gains and losses and equity transactions with the Government. Equity adjustments and other include prior period adjustments and other miscellaneous items recorded by the corporations and other entities. Remeasurement gains and losses comprise certain unrealized gains and losses on financial instruments that are recognized in the Statement of Remeasurement Gains and Losses, but excluded from the annual surplus (deficit). Upon realization, these gains and losses are included in the annual surplus (deficit). Equity transactions with the Government include dividends declared or transfers of profits to the Government, as well as capital transactions with the Government. The line "Conversion to the Government accounting basis for consolidation purposes" represents the adjustments required to bring the corporations and other entities' accounting policies in line with those of the Government.

These tables present financial information on consolidated parent Crown corporations and other entities, as well as financial information on wholly-owned subsidiaries that are considered "deemed parent Crown corporations" and thus consolidated directly in the consolidated financial statements of the Government and excluded from the consolidated financial statements of their parent Crown corporations. The quarterly *Inventory of Government of Canada Organizations* includes a complete list of all parent Crown corporations, wholly-owned subsidiaries, other subsidiaries and associates.

Consolidated Crown corporations are also categorized as being either agents or non-agents of the Crown. Agency status may be expressly stated in the incorporating legislation or conferred under the provisions of the *Government Corporations Operation Act*. In accordance with section 54 of the *Financial Administration Act*, the payment of all money borrowed by consolidated agent Crown corporations and interest thereon is a charge on and payable out of the Consolidated Revenue Fund. Table 4.3 summarizes such borrowings for the consolidated corporations and the changes for the year ended March 31, 2014. Contingent liabilities of consolidated corporations and other entities are presented in Table 4.4.

A summary of financial assistance under budgetary appropriations to consolidated Crown corporations for the year ended March 31, 2014 is provided in Table 4.5. Differences in figures reported in Table 4.2 and those reported in Table 4.5 result from the use of different accounting policies and from items in transit.

Table 4.1

Financial Position of Consolidated Crown Corporations and Other Entities — Assets, Liabilities and Equity as at March 31, 2014

(in thousands of dollars)

	Assets			
	Financial			
Consolidated Crown corporations and other entities	Third parties	Government, Crown corporations and other entities	Non-financial	Total assets
Crown corporations [(1)]				
Atomic Energy of Canada Limited	354,739	26,634	677,957	1,059,330
Canada Council for the Arts	325,622	1,284	28,620	355,526
Canada Development Investment Corporation				
PPP Canada Inc	1,219,879	2,201	1,198	1,223,278
Canadian Air Transport Security Authority	8,351	110,480	366,095	484,926
Canadian Broadcasting Corporation	442,199	306	1,512,215	1,954,720
Canadian Commercial Corporation	1,037,951	1,046	877	1,039,874
Canadian Dairy Commission	7,264		98,320	105,584
Canadian Museum for Human Rights	19,509	667	329,236	349,412
Canadian Museum of History	45,348	17,456	252,127	314,931
Canadian Museum of Immigration at Pier 21	18,313	647	12,642	31,602
Canadian Museum of Nature	9,656	293	199,039	208,988
Canadian Race Relations Foundation	26,264	2,112	61	28,437
Canadian Tourism Commission	11,651	148	7,835	19,634
Defence Construction (1951) Limited	40,661	16,331	2,595	59,587
Enterprise Cape Breton Corporation	40,543	6,804	4,829	52,176
Federal Bridge Corporation Limited, The [(2)]	25,194	4,900	84,465	114,559
International Development Research Centre	58,883	1,748	11,679	72,310
Jacques Cartier and Champlain Bridges Inc. [(3)]	24,296	26,969	383,009	434,274
Marine Atlantic Inc.	23,971		341,231	365,202
National Arts Centre Corporation	16,635	39	57,576	74,250
National Capital Commission	199,905	5,893	590,362	796,160
National Gallery of Canada	23,361	1,386	91,398	116,145
National Museum of Science and Technology	11,070	1,021	65,225	77,316
Standards Council of Canada	7,349	728	1,422	9,499
Telefilm Canada	5,944	49,137	3,979	59,060
VIA Rail Canada Inc.	23,555	11,755	1,180,470	1,215,780
Total — Crown corporations	4,028,113	289,985	6,304,462	10,622,560
Conversion to the Government accounting basis for consolidation purposes	(56,062)		(856,049)	(912,111)
Net Crown corporations on the Government accounting basis	3,972,051	289,985	5,448,413	9,710,449
Other entities [(4)]				
Aboriginal Healing Foundation	2,492		174	2,666
Canada Foundation for Innovation	541,289	377,462	4,895	923,646
Canada Foundation for Sustainable Development Technology	201,854		658	202,512
First Nations Market Housing Fund	298,731	42,256	113	341,100
St. Lawrence Seaway Management Corporation	23,483	31,090	69,010	123,583
Capital Fund Trust	2,092	20,485		22,577
Employee Termination Benefits Trust Fund	1,928	1,755		3,683
Total — Other entities	1,071,869	473,048	74,850	1,619,767
Conversion to the Government accounting basis for consolidation purposes	(3,335)	(9,418)	(54,142)	(66,895)
Net other entities on the Government accounting basis	1,068,534	463,630	20,708	1,552,872
Total	5,040,585	753,615	5,469,121	11,263,321

(1) All Crown corporations listed at the margin in this table are parent Crown corporations.

(2) The financial information of the Federal Bridge Corporation Limited is consolidated to include the figures of its subsidiaries, The Seaway International Bridge Corporation, Limited and the St. Mary's River Bridge Company.

(3) The Jacques Cartier and Champlain Bridges Incorporated became a parent Crown corporation on February 13, 2014 by issuance of the order in council 2014-0148. The Crown corporation was previously consolidated with the Federal Bridge Corporation Limited as a subsidiary.

(4) These entities, which are not Crown corporations or agents of the Crown, are considered other consolidated entities.

Liabilities								
Third parties								
Borrowings	Other	Government, Crown corporations and other entities	Total liabilities	Accumulated profits (losses)	Contributed surplus	Capital stock	Equity of Canada	Total liabilities and equity
	6,614,287	517,378	7,131,665	(6,322,963)	235,628	15,000	(6,072,335)	1,059,330
	81,140	409	81,549	273,977			273,977	355,526
	2,788	1,214,129	1,216,917	6,361			6,361	1,223,278
	132,779	301	133,080	351,846			351,846	484,926
400,754	488,335	7,516	896,605	1,058,115			1,058,115	1,954,720
	1,027,221	144	1,027,365	2,509	10,000		12,509	1,039,874
2,515	49,286	53,783	105,584					105,584
	179,566	160,107	339,673	9,739			9,739	349,412
	21,563	230,143	251,706	63,225			63,225	314,931
	8,749	20,383	29,132	2,470			2,470	31,602
	36,923	182,201	219,124	(10,136)			(10,136)	208,988
	2,026		2,026	26,411			26,411	28,437
	10,672	1	10,673	8,961			8,961	19,634
	24,779	781	25,560	34,027			34,027	59,587
	398,214	5,182	403,396	(351,220)			(351,220)	52,176
4,820	25,060	3,872	33,752	80,807			80,807	114,559
	48,952	6,759	55,711	16,599			16,599	72,310
	85,294	431	85,725	348,549			348,549	434,274
	92,707	2,604	95,311	269,891			269,891	365,202
	13,797	61,618	75,415	(1,165)			(1,165)	74,250
	129,822	2,789	132,611	663,549			663,549	796,160
	10,617	97,733	108,350	7,795			7,795	116,145
	8,446	56,838	65,284	12,032			12,032	77,316
	4,240	14	4,254	5,245			5,245	9,499
	38,679	125	38,804	20,256			20,256	59,060
	183,840	876,283	1,060,123	146,357		9,300	155,657	1,215,780
408,089	9,719,782	3,501,524	13,629,395	(3,276,763)	245,628	24,300	(3,006,835)	10,622,560
	(813,041)	(3,225,362)	(4,038,403)	3,396,220	(245,628)	(24,300)	3,126,292	(912,111)
408,089	8,906,741	276,162	9,590,992	119,457			119,457	9,710,449
	3,377	(711)	2,666					2,666
	1,058	922,588	923,646					923,646
	834	201,678	202,512					202,512
	38,566	302,534	341,100					341,100
	101,923	8,920	110,843	12,740			12,740	123,583
	1	22,576	22,577					22,577
	2	3,681	3,683					3,683
	145,761	1,461,266	1,607,027	12,740			12,740	1,619,767
	(56,807)	(1,434,222)	(1,491,029)	1,424,134			1,424,134	(66,895)
	88,954	27,044	115,998	1,436,874			1,436,874	1,552,872
408,089	8,995,695	303,206	9,706,990	1,556,331			1,556,331	11,263,321

Table 4.2

Revenues, Expenses and Other Changes in Equity of Consolidated Crown Corporations and Other Entities for the year ended March 31, 2014

(in thousands of dollars)

	Revenues			
		Government, Crown corporations and other entities		
Consolidated Crown corporations and other entities	Third parties	Financial assistance	Other	Total
Crown corporations				
Atomic Energy of Canada Limited	136,713	307,677	207,840	652,230
Canada Council for the Arts	9,562	181,974	973	192,509
Canada Development Investment Corporation — PPP Canada Inc	39	16,052	2,054	18,145
Canadian Air Transport Security Authority	489	556,677		557,166
Canadian Broadcasting Corporation	771,802	1,083,474	1,508	1,856,784
Canadian Commercial Corporation	1,658,396	15,656	21,496	1,695,548
Canadian Dairy Commission	329,991	4,456		334,447
Canadian Museum for Human Rights	1,527	18,427	1,631	21,585
Canadian Museum of History	15,965	57,288	15,282	88,535
Canadian Museum of Immigration at Pier 21	2,185	7,700	1,261	11,146
Canadian Museum of Nature	6,437	27,410	8,018	41,865
Canadian Race Relations Foundation	1,299		510	1,809
Canadian Tourism Commission	9,601	57,976	768	68,345
Defence Construction (1951) Limited	641		92,909	93,550
Enterprise Cape Breton Corporation	1,872	50,844		52,716
Federal Bridge Corporation Limited, The	15,281	175,435	2,671	193,387
International Development Research Centre	37,433	202,416	22,111	261,960
Jacques Cartier and Champlain Bridges Inc.	554	16,603		17,157
Marine Atlantic Inc.	104,919	153,100		258,019
National Arts Centre Corporation	30,684	34,719	6,083	71,486
National Capital Commission	28,520	99,662	13,826	142,008
National Gallery of Canada	7,152	41,252	6,086	54,490
National Museum of Science and Technology	11,419	26,556	4,365	42,340
Standards Council of Canada	7,736	8,081	1,188	17,005
Telefilm Canada	22,123	99,975	68	122,166
VIA Rail Canada Inc.	266,611	331,321	74,629	672,561
Total — Crown corporations	3,478,951	3,574,731	485,277	7,538,959
Conversion to the Government accounting basis for consolidation purposes	9,323	454,444	(125,575)	338,192
Total on the Government accounting basis	3,488,274	4,029,175	359,702	7,877,151
Consolidation adjustments	552	(4,029,175)	(359,702)	(4,388,325)
Net amount — Crown corporations	3,488,826			3,488,826
Other entities				
Aboriginal Healing Foundation	10,231		836	11,067
Canada Foundation for Innovation	13,198		406,686	419,884
Canada Foundation for Sustainable Development Technology	2,857		70,657	73,514
First Nations Market Housing Fund	10,789		771	11,560
St. Lawrence Seaway Management Corporation	66,618		110,418	177,036
Capital Fund Trust	41	111,000	(779)	110,262
Employee Termination Benefits Trust Fund	26			26
Total — Other entities	103,760	111,000	588,589	803,349
Conversion to the Government accounting basis for consolidation purposes	(2,459)	88,546	(474,053)	(387,966)
Total on the Government accounting basis	101,301	199,546	114,536	415,383
Consolidation adjustments	6,582	(199,546)	(114,536)	(307,500)
Net amount — Other entities	107,883			107,883
Total	3,596,709			3,596,709

The accompanying notes to Table 4.1 are an integral part of this table.

Expenses							Equity transactions with the Government		
Third parties	Government, Crown corporations and other entities	Total	Net income (loss)	Equity beginning of year	Equity adjustments and other	Remeasurement gains (losses)	Dividends	Capital	Equity end of year
1,251,312	66,446	1,317,758	(665,528)	(7,625,473)	2,247,109			(28,443)	(6,072,335)
192,391	145	192,536	(27)	246,892	(3,030)	30,142			273,977
14,115	879	14,994	3,151	3,210					6,361
523,799	12,571	536,370	20,796	331,050					351,846
1,673,600	1,183	1,674,783	182,001	875,884	230				1,058,115
1,690,214	3,193	1,693,407	2,141	50,368	(40,000)				12,509
326,009	1,564	327,573	6,874		(6,874)				
19,375	1,778	21,153	432	9,196		111			9,739
78,407	10,057	88,464	71	62,953		201			63,225
9,757	1,449	11,206	(60)	2,689	(99)	(60)			2,470
36,903	3,980	40,883	982	(11,118)					(10,136)
702	498	1,200	609	25,087		715			26,411
69,006	936	69,942	(1,597)	10,280		278			8,961
93,493	190	93,683	(133)	35,651	(1,627)	136			34,027
(24,701)	21,680	(3,021)	55,737	(406,957)					(351,220)
100,036		100,036	93,351	328,139	(341,286)	603			80,807
257,513		257,513	4,447	12,152					16,599
9,986		9,986	7,171		341,378				348,549
251,594		251,594	6,425	261,392		2,074			269,891
69,239	2,069	71,308	178	(933)		(410)			(1,165)
116,592	9,833	126,425	15,583	647,966					663,549
46,421	7,377	53,798	692	7,103					7,795
37,556	4,873	42,429	(89)	12,121					12,032
19,381	342	19,723	(2,718)	7,963					5,245
117,462	517	117,979	4,187	16,069					20,256
628,768	6,753	635,521	37,040	118,617					155,657
7,608,930	158,313	7,767,243	(228,284)	(4,979,699)	2,195,801	33,790		(28,443)	(3,006,835)
62,162	55,111	117,273	220,919	5,106,521	(2,195,801)	(33,790)		28,443	3,126,292
7,671,092	213,424	7,884,516	(7,365)	126,822					119,457
(187,410)	(213,424)	(400,834)	(3,987,491)		3,987,491				
7,483,682		7,483,682	(3,994,856)	126,822	3,987,491				119,457
11,067		11,067							
419,830	54	419,884							
73,756		73,756	(242)		242				
10,789	771	11,560							
160,539	200	160,739	16,297	(3,557)					12,740
2	110,260	110,262							
3	23	26							
675,986	111,308	787,294	16,055	(3,557)	242				12,740
1,373	(1,615)	(242)	(387,724)	1,812,100	(242)				1,424,134
677,359	109,693	787,052	(371,669)	1,808,543					1,436,874
1,739	(109,693)	(107,954)	(199,546)		199,546				
679,098		679,098	(571,215)	1,808,543	199,546				1,436,874
8,162,780		8,162,780	(4,566,071)	1,935,365	4,187,037				1,556,331

Borrowings by Consolidated Agent Crown Corporations

Table 4.3 summarizes the borrowing transactions by consolidated agent Crown corporations made on behalf of Her Majesty. This information is published to satisfy section 49 of the *Financial Administration Act* (FAA) which requires that an annual statement be included in the *Public Accounts of Canada*. The borrowings are from lenders other than the Government. In accordance with section 54 of the FAA, the payment of all money borrowed by agent Crown corporations and interest thereon is a charge on and payable out of the Consolidated Revenue Fund. Such borrowings are consolidated in the summary consolidated financial statements of Canada.

Table 4.3

Borrowings by Consolidated Agent Crown Corporations

(in thousands of dollars)

	Balance April 1/2013	Borrowings and other credits	Repayments and other charges	Balance March 31/2014
Canadian Broadcasting Corporation	418,595		17,841	400,754
Canadian Dairy Commission	2,140	21,381	21,006	2,515
Federal Bridge Corporation Limited, The	5,000		180	4,820
Total	425,735	21,381	39,027	408,089

Contingent Liabilities of Consolidated Crown Corporations and Other Entities

Table 4.4 summarizes the contingent liabilities of the consolidated Crown corporations and other entities. A contingent liability is defined as a potential liability which may become an actual liability when one or more future events occur or fail to occur.

Table 4.4

Contingent Liabilities of Consolidated Crown Corporations and Other Entities

(in thousands of dollars)

	March 31/2014
Agent Crown corporations	
Atomic Energy of Canada Limited — Performance guarantees	38,000
National Gallery of Canada — Claims and pending and threatened litigation	1,685
Non-agent Crown corporations	
Marine Atlantic Inc. — Claims and pending and threatened litigation	650
St. Lawrence Seaway Management Corporation — Claims and pending and threatened litigation	3,100
St. Lawrence Seaway Management Corporation — Letters of credit	395
VIA Rail Canada Inc. — Letters of credit	28,900
Total	72,730

Financial Assistance under Budgetary Appropriations to Consolidated Crown Corporations

Table 4.5 summarizes financial assistance under budgetary appropriations for both consolidated agent and non-agent Crown corporations. It should be read in conjunction with Table 4.2. The purpose for which payments have been made under budgetary appropriations is segregated between: *(a)* amounts approved through a program expenditures vote; *(b)* amounts approved through an operating expenditures vote; and *(c)* amounts approved through a capital expenditures vote.

All amounts reported represent charges to appropriations or authorities approved by Parliament.

Differences in figures reported in Table 4.2 and those reported in Table 4.5 result from the use of different accounting policies and from items in transit.

Table 4.5

Financial Assistance under Budgetary Appropriations to Consolidated Crown Corporations for the year ended March 31, 2014

(in thousands of dollars)

	Program expenditures vote	Operating expenditures vote	Capital expenditures vote	Financial assistance under budgetary appropriations [1]
Agent Crown corporations				
Atomic Energy of Canada Limited [2]	385,463			385,463
Canadian Air Transport Security Authority	559,066			559,066
Canadian Broadcasting Corporation		975,618	107,856	1,083,474
Canadian Commercial Corporation	15,656			15,656
Canadian Dairy Commission	4,456			4,456
Canadian Museum for Human Rights	32,016			32,016
Canadian Museum of History	62,851			62,851
Canadian Museum of Immigration at Pier 21	18,450			18,450
Canadian Museum of Nature	26,771			26,771
Canadian Tourism Commission	57,976			57,976
Enterprise Cape Breton Corporation	50,844			50,844
Federal Bridge Corporation Limited, The	13,191			13,191
Jacques Cartier and Champlain Bridges Inc.	189,219			189,219
National Capital Commission		78,190	27,971	106,161
National Gallery of Canada		36,193	8,000	44,193
National Museum of Science and Technology	27,003			27,003
Telefilm Canada	99,975			99,975
Total — Agent Crown corporations	1,542,937	1,090,001	143,827	2,776,765
Non-agent Crown corporations				
Canada Council for the Arts	181,974			181,974
International Development Research Centre	202,416			202,416
Marine Atlantic Inc.	154,430			154,430
National Arts Centre Corporation	34,648			34,648
PPP Canada Inc	265,200			265,200
Standards Council of Canada	8,081			8,081
VIA Rail Canada Inc.	405,661			405,661
Total — Non-agent Crown corporations	1,252,410			1,252,410
Total	2,795,347	1,090,001	143,827	4,029,175

(1) Excludes grants and contributions paid to agent and non-agent consolidated Crown corporations where they qualify as members of a general class of recipients.

(2) The financial assistance under budgetary appropriations does not include an amount of $171,243,000 received by Atomic Energy of Canada Limited for Decommissioning Funding. This amount has been presented as Other Revenues from Government, Crown corporations and other entities in table 4.2.

Consolidated Specified Purpose Accounts

Consolidated specified purpose accounts are particular categories of revenues and expenses whereby legislation requires that revenues received for purposes specified in the legislation be credited to these accounts and that related payments be charged to the accounts. They are principally used where the activities are similar in nature to departmental activities and the transactions do not represent future liabilities to third parties but in essence constitute Government revenues and expenses.

The transactions of these accounts are reported with revenues and expenses, in order to provide a more comprehensive reporting of the Government's operating results.

Further, enabling legislation requires that the transactions in each of these accounts be accounted for separately. Table 4.6 presents a summary of the balances and transactions of these accounts, in the manner required by legislation. A narrative description is provided for accounts reported in Table 4.6. Such description follows the same presentation order as the respective table.

The financial statements of the Employment Insurance Operating Account, together with the Independent Auditor's Report thereon, are presented at the end of this section.

Table 4.6
Consolidated Specified Purpose Accounts

		Revenues and other credits		Expenses and other debits		
	April 1/2013	External transactions	Internal transactions	External transactions	Internal transactions	March 31/2014
	$	$	$	$	$	$
Insurance accounts —						
Agriculture and Agri-Food —						
Crop Reinsurance Fund	506,573,081	80,561,524		278,307	27,240,000	559,616,298
Less: interest-bearing loans	304,754,751				27,240,000	277,514,751
	201,818,330	*80,561,524*		*278,307*		*282,101,547*
Agricultural Commodities Stabilization Accounts	646,510					646,510
	202,464,840	*80,561,524*		*278,307*		*282,748,057*
Employment and Social Development —						
Employment Insurance Operating Account, Table 4.7	(5,963,461,279)	21,834,361,399	393,789,087	17,503,524,949	1,494,895,659	(2,733,731,401)
Finance —						
Investors' Indemnity Account	45,303					45,303
Health —						
Health Insurance Supplementary Account	28,386					28,386
Natural Resources —						
Canadian Nuclear Safety Commission —						
Nuclear Liability Reinsurance Account	3,154,038	236,683				3,390,721
Transport —						
Ship-Source Oil Pollution Fund	399,197,601	2,140,298	6,826,674	1,880,270	388,500	405,895,803
Total insurance accounts	(5,358,571,111)	21,917,299,904	400,615,761	17,505,683,526	1,495,284,159	(2,041,623,131)

Table 4.6
Consolidated Specified Purpose Accounts — *Concluded*

		Revenues and other credits		Expenses and other debits		
	April 1/2013	External transactions	Internal transactions	External transactions	Internal transactions	March 31/2014
	$	$	$	$	$	$
Other consolidated specified purpose accounts —						
Canadian Heritage —						
National Battlefields Commission —						
Trust Fund	717,083	266,500	6,377	2,105		987,855
Environment —						
Court Award Deposits —						
Other than Environmental Damages Fund	507,296	95,587		54,662		548,221
Environmental Damages Fund	2,534,300	1,415,017	374,588	925,189		3,398,716
Parks Canada Agency —						
New Parks and Historic Sites Account	9,662,517	2,629,976	952,192	863,258	189,242	12,192,185
	12,704,113	*4,140,580*	*1,326,780*	*1,843,109*	*189,242*	*16,139,122*
Finance —						
Canadian Commercial Bank and Northland Bank Holdback Account	246,223,464					246,223,464
Fisheries and Oceans —						
Supplementary Fines Account —						
Species at Risk Act	20,000	10,000				30,000
Supplementary Fish Fines Account	1,756,669	178,989		191,116		1,744,542
	1,776,669	*188,989*		*191,116*		*1,774,542*
Indian Affairs and Northern Development —						
Cleanup costs for environmental damage caused by Bowater	2,284,107			46,696		2,237,411
Environmental Studies Research Fund	1,242,637		3,555,355		1,242,637	3,555,355
	3,526,744		*3,555,355*	*46,696*	*1,242,637*	*5,792,766*
Natural Resources —						
Environmental Studies Research Fund	3,460,157	2,453,001		436,634	775,130	4,701,394
Public Works and Government Services —						
Seized Property Proceeds Account	52,587,523	31,061,957		44,230,788		39,418,692
Transport —						
Fines for the Transportation of Dangerous Goods	616,156	9,500			111,582	514,074
Total other consolidated specified purpose accounts	321,611,909	38,120,527	4,888,512	46,750,448	2,318,591	315,551,909
Endowment principal —						
Environment —						
Parks Canada Agency —						
Mackenzie King trust account	225,000					225,000
Health —						
Canadian Institutes of Health Research —						
Endowments for Health Research	140,267					140,267
Industry —						
National Research Council of Canada —						
H.L. Holmes Fund	4,812,427	67,836				4,880,263
W.G. Schneider Fund		30,000				30,000
Social Sciences and Humanities Research Council —						
Queen's Fellowship Fund	250,000					250,000
	5,062,427	*97,836*				*5,160,263*
Total endowment principal	5,427,694	97,836				5,525,530
Total	(5,031,531,508)	21,955,518,267	405,504,273	17,552,433,974	1,497,602,750	(1,720,545,692)

Insurance Accounts

For the following Insurance Accounts, revenues and other credits from outside parties totalled $21,917 million ($20,872 million in 2013) while expenses and other debits to outside parties totalled $17,506 million ($17,326 million in 2013) and are reported as expenses in the Statement of Operations and Accumulated Deficit.

Revenues and other credits of $401 million ($395 million in 2013) and expenses and other debits of $1,495 million ($1,609 million in 2013) internal to the operations of the Government, have been eliminated in order to present transactions with outside parties.

Crop Reinsurance Fund

This Fund, continued in the accounts of Canada pursuant to subsection 13(1) of the *Farm Income Protection Act*, provides insurance to participating provinces for deficits they might incur in their agriculture insurance funds. The Crop Reinsurance Fund currently operates under the authority of the *Farm Income Protection Act*.

The revenues of the Fund come from a percentage of total premiums collected by provinces for the purpose of insurance of agricultural production. Both the amount of revenue collected and expenditures from the Crop Reinsurance Fund paid to provinces are subject to the terms of reinsurance agreements. When there are insufficient revenues in the Crop Reinsurance Fund to make payments, the Minister of Finance may authorize an advance of additional funds to cover these obligations. These advances are recovered from future revenues. Currently, the interest rate earned on surpluses in the Crop Reinsurance Fund and the interest rate charged to advances to the Fund have been set by the Department of Finance at zero percent.

Agricultural Commodities Stabilization Accounts

The purpose of these accounts was to reduce income loss to producers from market risks through stabilizing prices. Premiums were shared equally by the Government of Canada, the governments of participating provinces and participating producers.

These accounts are continued in the accounts of Canada pursuant to subsection 16(2) of the *Farm Income Protection Act*. Current activities are limited to collection of accounts receivable. The *Agricultural Stabilization Act*, under which the commodity accounts formerly operated, has been repealed and replaced by the *Farm Income Protection Act* effective April 1, 1991.

Employment Insurance Operating Account

The Canada Employment Insurance Commission (the Commission), a departmental corporation named in Schedule II to the *Financial Administration Act*, administers the *Employment Insurance Act* (the Act). The Commission is co-managed by the Government, workers and employers. The objective of the Act is to provide short-term financial relief and other assistance to eligible workers. The financial transactions relating to this objective are reported through the Employment Insurance Operating Account.

The Employment Insurance Operating Account (the Account) was established in the accounts of Canada by the Act. All amounts received under the Act are deposited in the Consolidated Revenue Fund and credited to the Account. The benefits and the costs of administration of the Act are paid out to the Consolidated Revenue Fund and charged to the Account.

Employee premium rate for each $100 of insurable earnings was $1.88 from January 1, 2013 to December 31, 2013 for employees without a Provincial Parental Insurance Plan and $1.52 for the others. From January 1, 2014 to March 31, 2014, the rate was $1.88 for employees without a Provincial Parental Insurance Plan and $1.53 for the others.

Table 4.7 presents a statement of the transactions in the Employment Insurance Operating Account.

Table 4.7

Transactions in the Employment Insurance Operating Account

(in millions of dollars)

	2013-2014	2012-2013
Revenues		
Premiums —		
Employers and employees [1]	22,160	20,796
Penalties and interest revenue	68	88
	22,228	20,884
Expenses		
Benefits	15,429	15,174
Transfers to the provinces — Part II	1,872	1,925
Administration costs	1,492	1,603
Administration cost transferred to provinces	190	189
Bad debts	16	(3)
	18,999	18,888
Net change before funding from the Government of Canada	3,229	1,996
Funding from the Government of Canada		
Benefit enhancement measures — Budget 2009		(11)
Net change	3,229	1,985
Balance at beginning of year	(5,963)	(7,948)
Balance at end of year	(2,734)	(5,963)

(1) The difference between premium revenue presented here and the amount presented in the Government of Canada consolidated financial statements is due to the elimination on consolidation of premiums incurred by the Government of Canada, for an amount of $394 million ($401 million in 2013).

Investors' Indemnity Account

Section 57 of the *Financial Administration Act* provides for this account, and for the crediting thereto of the sum of $25,000, such further amounts as are appropriated by Parliament for the purpose of this section, and any recovery of losses referred to in section 58 of the Act. This sum was increased to $50,000 by Treasury Board Submission No. 817667 dated December 12, 1991.

Section 58 of the Act states that the Minister may, in accordance with and subject to regulations, pay out of the account, any losses sustained by subscribers for Government securities, who have paid all or part of the purchase price but have not received the security or repayment of the amount so paid, and losses sustained by any person in the redemption of securities.

Health Insurance Supplementary Account

This account was established pursuant to Vote L16b, *Appropriation Act No. 2, 1973*, to record payments in respect of persons who, through no fault of their own, have lost or been unable to obtain coverage for the insured health services under the *Canada Health Act*, and in accordance with the Federal-Provincial Agreement on Eligibility and Portability. Contributions are made by all provinces to the account in proportion to population and are matched by the Federal Government.

Nuclear Liability Reinsurance Account

This account was established pursuant to sections 16 and 17 of the *Nuclear Liability Act*, to record premiums and to provide for payment of claims arising from accidents at an insured facility.

Ship-Source Oil Pollution Fund

This account was established pursuant to subsection 2001, c.6 of the *Marine Liability Act* (previously the *Canada Shipping Act*), to record levy tonnage payments for oil carried by ships in Canadian waters. Maritime pollution claims, the fee of the Fund Administrator, and related oil pollution control expenses, are to be financed out of the Fund.

Other Consolidated Specified Purpose Accounts

For the following Other Specified Purpose Accounts, revenues and other credits from outside parties of $38 million ($36 million in 2013) are reported while expenses and other debits to outside parties of $47 million ($16 million in 2013) are reported in the Statement of Operations and Accumulated Deficit.

Revenues and other credits of $5 million ($1 million in 2013), and expenses and other debits of $2 million ($3 million in 2013) internal to the operations of the Government, have been eliminated in order to present transactions with outside parties.

Trust Fund

This account was established at the creation of the National Battlefields Commission for the purpose of acquiring various properties for the development of the park. The funds are received by way of private contributions, from municipal corporations, provincial governments and others, and deposited for the purposes of the Commission, as prescribed for in its incorporation Act. Following the land acquisitions of the Commission, funds remained in the account and increased over a period of years as a result of interest earned, while the Commission was listed in Schedule C of the *Financial Administration Act*, prior to September 1, 1984.

Court Award Deposits — Other than Environmental Damages Fund

This account was established for the management of court orders/awards or other financial compensation to Environment Canada that are not under the legal authority of the Environmental Damages Fund.

Environmental Damages Fund

This account was established for the management of court orders/awards or other financial compensation to Environment Canada for damages to the environment.

New Parks and Historic Sites Account

This account was established pursuant to the *Parks Canada Agency Act* to record payments to be used to acquire lands or property required to establish any national park, national historic site or other protected heritage area that has not yet attained full operation status, and to make any related contributions.

Canadian Commercial Bank and Northland Bank Holdback Account

This account was established to record the amount held from the recovery of monies received from the winding up of Canadian Commercial Bank and Northland Bank.

During the fiscal year, no claims have been received for potential payments from the holdback.

Supplementary Fines Account — *Species at Risk Act*

The account was established to record the deposit of funds received from persons declared guilty of offences under the *Species at Risk Act*, under paragraph 105(h) of the Act.

Supplementary Fish Fines Account

The account was established to record the deposit of funds received from persons declared guilty of offences under the *Fisheries Act*, under paragraph 79(2)(f) of the Act.

Cleanup costs for environmental damage caused by Bowater

This account was established pursuant to a decision of the Commercial Division of the Superior Court in the Province of Quebec. The balance in the account is to be used to finance the remediation of environmental damage caused by Bowater Canadian Forest Products Inc. relative to a land lease issued by the Department of Indian Affairs and Northern Development.

Environmental Studies Research Fund — Indian Affairs and Northern Development

This account was established pursuant to subsection 76(1) of the *Canada Petroleum Resources Act*. The purpose of the Fund is to finance environmental and social studies pertaining to the manner in which, and the terms and conditions under which, exploration development and production activities on frontier land, authorized under this Act or any other Act of Parliament, should be conducted.

Environmental Studies Research Fund — Natural Resources

This account was established pursuant to subsection 76(1) of the *Canada Petroleum Resources Act*. The purpose of the Fund is to finance environmental and social studies pertaining to the manner in which, and the terms and conditions under which, exploration development and production activities on frontier land, authorized under this Act or any other Act of Parliament, should be conducted.

Seized Property Proceeds Account

This account was established, pursuant to section 13 of the *Seized Property Management Act*, to record the net proceeds received from the disposition of seized and forfeited properties to Her Majesty or fines imposed and also funds received from the government of foreign states pursuant to agreements for the purpose of the Act. The Act also provides that the following be charged to the Account: operating expenses incurred in carrying out the purpose of the Act, amounts paid as a result of claims and repayments of advances from the Minister of Finance, interest on drawdown from Seized Property Working Capital Account and distribution of the proceeds to the relevant jurisdictions and the Consolidated Revenue Fund.

Fines for the Transportation of Dangerous Goods

This account was established, pursuant to the *Transportation of Dangerous Goods Act 1992* and related regulations, to record fines levied by courts.

Endowment Principal

For the following Endowment Principal Accounts, revenues and other credits from outside parties of $98,000 ($89,000 in 2013) are reported in the Statement of Operations and Accumulated Deficit.

Mackenzie King trust account

The late The Right Hon W L Mackenzie King bequeathed Laurier House, Ottawa, and the sum of $225,000, to the Government of Canada. The amount of $225,000 was credited to the account and earns interest, in accordance with the terms of section 3 of the *Laurier House Act*. The interest is to be used to assist in the maintenance of the Laurier House, which is to be preserved as a place of historic interest, and also to provide accommodation for study and research.

Endowments for Health Research

This account was established by section 29 of the *Canadian Institutes of Health Research Act* to record various endowments received from donors for the purpose of health research. The interest received is used for the payment of research grants.

H.L. Holmes Fund

This account was established, pursuant to paragraph 5(1)(f) of the *National Research Council Act*, to record the residue of the estate of H.L. Holmes. Up to two thirds of the yearly net income from the fund shall be used to finance the H.L. Holmes Award on an annual basis. These awards will provide the opportunity to post-doctoral students to study at world famous graduate schools or research institutes under outstanding research persons.

W.G. Schneider Fund

This account was established pursuant to paragraph 5(1)(f) of the *National Research Council Act*, to record the residue of the estate of W.G. Schneider. The yearly net income from the fund shall be used to finance the Schneider Medal. This award recognizes employees who have made outstanding contributions to the National Research Council.

Queen's Fellowship Fund

This fund is an endowment of $250,000 that was established by Vote 45a, *Appropriation Act No. 5, 1973-74*. The interest earned is used for the payment of fellowships to graduate students in certain fields of Canadian studies.

Supplementary Statement

Employment Insurance Operating Account

Management's Responsibility for Financial Statements

The financial statements of the Employment Insurance Operating Account are prepared in accordance with Canadian public sector accounting standards by the management of the Canada Employment Insurance Commission. Management is responsible for the integrity and objectivity of the information in the financial statements, including the amounts which must, of necessity, be based on best estimates and judgement. The significant accounting policies are identified in Note 2 to the financial statements.

To fulfill its accounting and reporting responsibilities, management has developed and maintains books of account, financial and management controls, information systems and management practices. These systems are designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded and that transactions are properly authorized and recorded in accordance with the *Employment Insurance Act* and regulations, as well as the *Financial Administration Act* and regulations.

The Auditor General of Canada, the external auditor of the Employment Insurance Operating Account, conducts an independent audit of the financial statements in accordance with Canadian generally accepted auditing standards and provides a report to the Minister of Employment and Social Development.

The financial statements of the Employment Insurance Operating Account are an integral part of the *Public Accounts of Canada*, which are tabled in the House of Commons and are referred to the Standing Committee on Public Accounts for examination purposes.

Ian Shugart
Chairperson of the Canada
Employment Insurance Commission

Alain P. Séguin, MBA, CPA, CGA
Chief Financial Officer
Employment and Social Development Canada

Gatineau, Canada
August 27, 2014

Employment Insurance Operating Account — *Continued*

Independent Auditor's Report

To the Minister of Employment and Social Development

I have audited the accompanying financial statements of the Employment Insurance Operating Account, which comprise the statement of financial position as at 31 March 2014, and the statement of operations and accumulated deficit, statement of change in net debt and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Employment Insurance Operating Account as at 31 March 2014, and the results of its operations, changes in its net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Michael Ferguson, CPA, CA
FCA (New Brunswick)
Auditor General of Canada

27 August 2014
Ottawa, Canada

Employment Insurance Operating Account — *Continued*

Statement of Financial Position
as at March 31

(in thousands of dollars)

	2014	2013
Financial assets		
Premiums receivable	1,576,278	1,465,060
Due from claimants (Note 3)	726,816	696,804
Amounts receivable from Canada — Administration costs	16,302	
	2,319,396	2,161,864
Liabilities		
Balance with Receiver General for Canada	4,649,687	7,476,191
Benefits payable	365,480	599,855
Amounts payable (Note 4)	37,960	49,279
	5,053,127	8,125,325
Net debt and accumulated deficit	**(2,733,731)**	**(5,963,461)**

Contractual obligations (Note 11)
Contingent liabilities (Note 12)
The accompanying notes and schedules are an integral part of these financial statements.

Approved by:

Ian Shugart

Chairperson of the Canada
Employment Insurance Commission

Alain P. Séguin, MBA, CPA, CGA

Chief Financial Officer
Employment and Social Development Canada

Employment Insurance Operating Account — *Continued*

Statement of Operations and Accumulated Deficit for the year ended March 31

(in thousands of dollars)

	2014 Budget (Note 6)	2014 Actual	2013 Actual
Revenues			
Premiums (Note 7)	22,451,000	22,160,249	20,795,737
Penalties (Note 3)	59,000	40,987	59,140
Interest on overdue accounts receivable (Note 3)	33,000	25,689	27,553
	22,543,000	22,226,925	20,882,430
Expenses			
Benefits and support measures (Note 8 and Schedule I)	18,682,000	17,300,601	17,099,106
Administration costs (Note 9)	1,649,000	1,680,198	1,791,070
Bad debts	55,000	16,396	(2,997)
	20,386,000	18,997,195	18,887,179
Net surplus for the year before funding from the Government of Canada	2,157,000	3,229,730	1,995,251
Funding from the Government of Canada			
Benefit enhancement measures — Budget 2009			(10,561)
Net surplus for the year	2,157,000	3,229,730	1,984,690
Accumulated deficit at the beginning of the year	(5,963,461)	(5,963,461)	(7,948,151)
Accumulated deficit at the end of the year	**(3,806,461)**	**(2,733,731)**	**(5,963,461)**

The accompanying notes and schedules are an integral part of these financial statements.

Statement of Change in Net Debt for the year ended March 31

(in thousands of dollars)

	2014 Budget (Note 6)	2014 Actual	2013 Actual
Net surplus for the year	**2,157,000**	**3,229,730**	**1,984,690**
Change due to advances — Employment benefits and support measures			59
Decrease in net debt	**2,157,000**	**3,229,730**	**1,984,749**
Net debt at beginning of year	**(5,963,461)**	**(5,963,461)**	**(7,948,210)**
Net debt at end of year	**(3,806,461)**	**(2,733,731)**	**(5,963,461)**

The accompanying notes and schedules are an integral part of these financial statements.

Employment Insurance Operating Account — *Continued*

Statement of Cash Flow
for the year ended March 31

(in thousands of dollars)

	2014	2013
Operating activities		
Cash receipts:		
Premiums	22,049,031	20,675,696
Recoveries of benefit overpayments and penalties	319,000	320,444
Benefits repayments received from higher income claimants	210,142	218,030
Funding from the Government of Canada		
Benefit enhancement measures — Budget 2009		281,087
	22,578,173	21,495,257
Cash payments:		
Benefits and support measures	(18,018,600)	(17,687,276)
Administration costs	(1,733,069)	(1,829,352)
	(19,751,669)	(19,516,628)
Net change in balance with Receiver General for Canada	**2,826,504**	**1,978,629**
Balance with Receiver General for Canada		
Beginning of year	(7,476,191)	(9,454,820)
End of year	**(4,649,687)**	**(7,476,191)**

The accompanying notes and schedules are an integral part of these financial statements.

Employment Insurance Operating Account — *Continued*

Notes to the Financial Statements for the year ended March 31, 2014

1. Authority, objective and responsibilities

The Canada Employment Insurance Commission (the Commission), a departmental corporation named in Schedule II to the *Financial Administration Act*, administers the *Employment Insurance Act* (the Act). The Commission is co-managed by the Government, workers and employers. The objective of the Act is to provide short-term financial relief and other assistance to eligible workers. The financial transactions relating to this objective are reported through the Employment Insurance Operating Account.

The Employment Insurance Operating Account (the Account) was established in the accounts of Canada by the Act. All amounts received under the Act are deposited in the Consolidated Revenue Fund and credited to the Account. The benefits and the costs of administration of the Act are paid out of the Consolidated Revenue Fund and charged to the Account.

The Minister of National Revenue is responsible for collecting premiums from employers and employees, and for administering and enforcing the provisions of the Act relating to benefit repayments receivable from higher income claimants.

The Act authorizes the Government of Canada to enter into Labour Market Development Agreements with each province and territory on the design and delivery of the active employment benefits and support measures contained in the Act. Agreements with full responsibility to the provinces and territories for delivering the active employment benefits and support measures have been implemented with all provinces and territories.

The Act also authorizes the Government of Canada to enter into a premium reduction agreement with a province, to allow for a regulatory scheme to make the necessary adjustments and modifications to the Act. This is required to harmonize it with a provincial law that has the effect of reducing or eliminating the special benefits payable under the Act.

2. Significant accounting policies

The Account is a component of the Government of Canada reporting entity. In this context, its operations are consolidated with those of the Government and are presented in the financial statements of the Government of Canada. The financial statements of the Account are also presented in Volume I of the *Public Accounts of Canada*.

(a) Basis of accounting

The financial statements are prepared in accordance with Canadian public sector accounting standards (PSAS).

(b) Revenue — Premiums

Premiums are recognized as revenue in the period in which they are earned. Premiums earned in the period are measured from amounts assessed by the Canada Revenue Agency (CRA) and from estimates of amounts not assessed based on cash received. Premium revenue also includes adjustments between actual and estimated premiums of previous years.

(c) Expenses — Benefits and support measures

Income benefits (or benefits under Part I of the Act) provide temporary income support to claimants, including self-employed fishers, while they look for work. This includes work-sharing agreements for temporary work shortages. It also includes special benefits such as maternity, parental, sickness and compassionate care benefits. Income benefits represent the amounts paid and payable to claimants for the period relating to the financial year, less benefit overpayments established by the Commission during the year.

Employment benefits and support measures (or benefits under Part II of the Act) provide financial assistance, through government transfers, to eligible persons to help them re-integrate into the labour market and to third parties to help them provide employment assistance services to unemployed workers and employed persons if they are facing a loss of their employment. These expenses include the direct costs of financial and employment assistance programs and related measures provided to eligible persons and third parties. Government transfers are recognized in the year in which the recipient has met the eligibility criteria or fulfilled the terms of a contractual transfer agreement and the transfer is authorized. Overpayments established during the year are deducted from these expenses. Part II expenses also include the transfer payments to the provinces and territories under the Labour Market Development Agreements, pursuant to section 63 of the Act. Similar to the employment benefits and support measures, these transfer payments are recorded as expenditures in the year in which the provinces/territories met the eligibility criteria and the transfers are authorized. Overpayments to provinces and territories are recovered and recorded in reduction of expenses the following fiscal year.

Claimants with higher income levels than those stated in the Act have to repay benefits received. Estimated benefit repayments received or receivable from those claimants are deducted from benefits and support measures expenses.

Employment Insurance Operating Account — *Continued*

Notes to the Financial Statements for the year ended March 31, 2014 — *Continued*

(d) Administration costs

The administration costs of the Act are based on a formula allocating the expenses between Employment and Social Development Canada and the Account. The expense allocation formula takes into consideration the source of funding, from the Account or from the Consolidated Revenue Fund. In addition, the administration costs incurred by the provinces and the territories to administer the Labour Market Development Agreements are included in the administration costs for the year based on provisions in the agreements.

(e) Balance with Receiver General for Canada

The Account operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by and credited to the Account is deposited to the CRF, and all cash disbursements made by and charged to the Account are paid from the CRF. The balance with Receiver General for Canada is the difference between all cash receipts and all cash disbursements, including transactions with departments of the Government. The balance with Receiver General for Canada is reduced as the revenues exceed charges to the Account.

The balance with Receiver General for Canada also includes an amount relating to Unredeemed Warrants, which represents the warrants issued that are still outstanding at the end of the fiscal year. All amounts paid as or on account of benefits under the Act are paid by special warrants drawn on the Receiver General and issued by the Commission by electronic means or bearing the printed signature of the Chairperson and Vice-Chairperson of the Commission.

(f) Measurement uncertainty

The preparation of financial statements in accordance with Canadian public sector accounting standards requires that management makes estimates and assumptions that affect the reported amounts of assets and liabilities as at the date of the financial statements and revenues and expenses during the reporting period. The most significant estimates are related to premiums, administration costs, benefit repayments, allowances for doubtful accounts, estimated overpayments and underpayments of benefits disclosed in Note 8, contingent liabilities and the amounts presented in Schedule II. Actual results could differ significantly from these estimates.

3. Due from claimants

	2014	2013
	(in thousands of dollars)	
Benefit overpayments receivable	560,786	569,071
Amount of penalties receivable	126,168	137,879
	686,954	706,950
Less: allowance for doubtful accounts	282,073	335,301
	404,881	371,649
Estimated benefit repayments receivable from higher income claimants	321,935	325,155
	726,816	696,804

The Commission detects overpayments on claims processed during the current and preceding years. These overpayments are accounted for by reducing the benefit expenses during the year in which they are established. During the year, overpayments totalling $284 million were established ($343 million in 2012-2013). Interest charges on overpayments totalled $19 million ($20 million in 2012-2013).

The Commission may impose penalties on a claimant or an employer when it becomes aware that information they have provided is false or misleading. The Act sets the maximum amounts that may be imposed in these cases. During the year, the Commission imposed penalties totalling $41 million ($59 million in 2012-2013). Interest charges on penalties totalled $7 million ($8 million in 2012-2013).

During 2013-2014, the Commission recovered $277 million ($279 million in 2012-2013) of benefit overpayments and $42 million ($42 million in 2012-2013) of penalties. Uncollectible benefit overpayments and penalties written off during the year amounted to $70 million ($94 million in 2012-2013).

Employment Insurance Operating Account — *Continued*

Notes to the Financial Statements for the year ended March 31, 2014 — *Continued*

The Commission establishes an allowance for doubtful accounts by aging the balance of the accounts receivable outstanding and by applying varying percentages based on past recovery experience to the aging categories so determined.

In accordance with Treasury Board regulations, the Account charges interest on outstanding employment insurance debts caused through misrepresentation.

4. Amounts payable

	2014	2013
	(in thousands of dollars)	
To Canada		
Administration costs		36,208
Tax deductions from warrants	25,051	4,070
Other deductions from warrants	1,472	339
Amounts payable related to Labour Market Development Agreements	5,985	6,346
	32,508	46,963
To provinces		
Quebec tax deductions from warrants	4,028	801
Other deductions from warrants	1,424	1,515
	5,452	2,316
	37,960	49,279

5. Financial instruments

Fair value

The fair values of the premiums receivable, due from claimants, amounts receivable from Canada, benefits payable and amounts payable are considered by management to be comparable to their carrying values due to their short term to maturity. All of these financial instruments arose in the normal course of business.

6. Comparison of results against budget

The budget amounts included in the Statement of Operations and Accumulated Deficit, the Statement of Change in Net Debt and the Schedule I — Benefits and Support Measures, are derived from the amounts that were originally budgeted in the Human Resources and Skills Development Canada Report on Plans and Priorities for 2013-2014, tabled in Parliament in March 2013.

7. Premiums

Premiums for the fiscal year are measured by the Canada Revenue Agency (CRA) based on amounts assessed and reassessed at the time of preparation of its financial statements and an estimate of premiums earned in the period but not yet assessed or reassessed. The estimate of premiums earned but not yet assessed or reassessed is based on cash amounts received at the time of preparation of the financial statements that relate to the fiscal year. These estimates are based on economic indicators such as employment and earnings growth. Actual premiums may differ from these estimates.

Actual premium revenue for calendar years 2013 and 2014 will only be known once the CRA has processed all employer declarations of premiums for these years. An adjustment for the difference between actual and estimated premiums will be recorded in the fiscal year in which the actual assessment or reassessment results are known.

Employers with qualified wage loss insurance plans are entitled to premium reductions. They are required to share this reduction with their employees. For the calendar year 2013, the total amount of reductions is estimated at $926 million ($941 million in 2012). Actual reductions for the calendar year 2012 were $935 million ($905 million in 2011). Employees insured under a qualified wage loss insurance plan are entitled to allowances because of illness, injury, pregnancy or child care, depending on the plan. These allowances have the effect of reducing the special benefits payable by the Account to the insured persons.

Employment Insurance Operating Account — *Continued*

Notes to the Financial Statements for the year ended March 31, 2014 — *Continued*

For calendar years 2012 and 2013, the premium rates were set by the Canada Employment Insurance Financing Board under section 66 of the *Employment Insurance Act*. Pursuant to subsection 66(8) of the Act, for the calendar year 2012, the Governor in Council, considering it was in the public interest to do so, on the recommendation of the Minister of Employment and Social Development and the Minister of Finance, changed the maximum percentage referred to in subsection 66(7) of the Act by which the premium rate may be increased or decreased from one year to the next to no more than 0.05 percent. That same maximum percentage also applied for the calendar year 2013 following an amendment to subsection 66(7) of the Act through the *Jobs, Growth and Long-term Prosperity Act* (2012). Consequently, for 2012 and 2013, the premium rates could not be increased by more than $0.05 per $100 of insurable earnings. The premium rate for the calendar year 2014 was set by the Governor in Council following an amendment to section 66 of the Act in 2012 through the *Jobs and Growth Act, 2012*. For the calendar year 2014, pursuant to subsection 66(8) of the Act, the Governor in Council, considering it was in the public interest to do so, on the recommendation of the Minister of Employment and Social Development and the Minister of Finance, changed the maximum percentage referred to in subsection 66(7) of the Act by which the premium rate may be increased or decreased from one year to the next to no more than 0.00 percent. Consequently, the premium rate did not change in 2014 from the rate in 2013.

For the following calendar years, premium rates for each $100 of insurable earnings were set at:

	2014	2013	2012
		(in dollars)	
Residents of provinces without a Provincial Plan			
For employees	1.88	1.88	1.83
For employers (calculated at 1.4 times the employee rate)	2.63	2.63	2.56
Residents of provinces with a Provincial Plan			
For employees	1.53	1.52	1.47
For employers (calculated at 1.4 times the employee rate)	2.14	2.13	2.06

The annual maximum insurable earnings for 2014 is $48,600 ($47,400 in 2013 and $45,900 in 2012).

8. Estimated overpayments and underpayments of benefits

Given the large volume of claims and the need for prompt service, the Commission applies a risk-based approach to its control procedures. The verification of claims is conducted both prior to and after claimants have begun to receive benefits, using a combination of up-front and automated control measures and post-payment verification activities.

In order to measure the accuracy of benefit payments, the Commission has a program in place which establishes an annual payment accuracy rate and estimates, through statistical extrapolation, the most likely value of incorrect benefit payouts. For benefits paid during the twelve months ended March 31, 2014, these undetected overpayments and underpayments are estimated to be $589 million and $157 million respectively ($748 million and $176 million for the twelve months ended March 31, 2013). The annual payment accuracy rate (which is comprised of three error sources: claimant, employer and administrative) and estimated value of errors are used by the Commission to assess the quality of decisions and the need, if any, to improve its systems and practices of processing claims.

The overpayments established during the year, as indicated in Note 3, are not directly linked to the above noted estimated overpayments and underpayments of benefits for the same period.

Employment Insurance Operating Account — *Continued*

Notes to the Financial Statements for the year ended March 31, 2014 — *Continued*

9. Administration costs

	2014	2013
	(in thousands of dollars)	
Personnel related costs	898,729	947,866
Operations and maintenance costs	257,887	317,767
Administration costs incurred by provinces and territories under the Labour Market Development Agreements	189,708	189,025
Canada Revenue Agency administrative costs	208,921	208,708
Accomodation and rental costs	129,358	134,015
Canada Employment Insurance Financing Board costs		546
	1,684,603	1,797,927
Deduct: recovery of costs for maintaining the social insurance number registry and issuing replacement cards	4,405	6,857
	1,680,198	1,791,070

10. Related party transactions

The Account is a component of the Government of Canada reporting entity and is therefore related to all departments, agencies and Crown corporations. The Account enters into transactions with these entities in the normal course of operations under the same terms and conditions that apply to unrelated parties. The transactions are measured at the exchange amount.

Related party transactions disclosed in these financial statements include administration costs of $1,225 million ($1,329 million in 2012-2013) charged by Employment and Social Development Canada for personnel, operations and maintenance, accommodation and rental costs, and $209 million ($209 million in 2012-2013) by the Canada Revenue Agency. The administration costs from Canada Revenue Agency are charged to the Account based on memoranda of understanding with Employment and Social Development Canada.

Employment Insurance premiums include the employer's share of premiums paid by the federal government of $394 million ($401 million in 2012-2013).

11. Contractual obligations

The nature of the Account activities can result in some large multi-year agreements whereby the Account will be obligated to make future payments in order to carry out its transfer payment programs. Significant contractual obligations that can be reasonably estimated are summarized as follows:

	2015	2016	2017	2018	2019 and thereafter	Total
			(in thousands of dollars)			
Labour Market Development Agreements	2,141,262					2,141,262
Other transfer payments	109,602	16,283	8,827			134,712
Total	**2,250,864**	**16,283**	**8,827**			**2,275,974**

Labour Market Development Agreements with 8 of the provinces and territories require a two year notice for cancellation of the agreements. The obligations for 2016 cannot be reasonably estimated.

Employment Insurance Operating Account — *Continued*

Notes to the Financial Statements for the year ended March 31, 2014 — *Concluded*

12. Contingent liabilities

In the normal course of the operations of the Account, numerous appeals against or by the Commission are presently outstanding. The outcome of these appeals is not presently determinable. Any claims resulting from the resolution of these appeals will be accounted for as an expense in the period in which the claim will be determinable. However, in the opinion of management, the result of these appeals should not have a significant impact on the operations of the Account.

In 2011-2012, two Quebec Unions filed a claim with the Quebec Superior Court against Her Majesty the Queen contesting the constitutional validity of certain provisions of the *Jobs and Economic Growth Act* enacted in 2010 relating to amendments to the *Employment Insurance Act*. The Quebec Superior Court dismissed the claim and the Unions successfully appealed that decision to the Quebec Court of Appeal. The Supreme Court of Canada accepted to hear the appeal filed by the Attorney General of Canada of the decision of the Quebec Court of Appeal. The hearing was held in January 2014. On July 17, 2014, the Supreme Court of Canada allowed the Attorney General of Canada's appeal and awarded costs to the Crown. This decision ends the litigation.

In 2011-2012, a proposed class action was filed with the Federal Court seeking damages of $450 million plus interest. The representative plaintiff alleges that she was improperly denied sickness benefits for an illness, injury or disability suffered while on parental leave, despite an amendment in 2002 to the *Employment Insurance Act*. A hearing on the motion to certify the class action is pending. The outcome of this claim is not determinable at this time.

Employment Insurance Operating Account — *Continued*

Schedule I — Benefits and Support Measures for the year ended March 31

(in thousands of dollars)

	2014	2014	2013
	Budget (Note 6)	Actual	Actual
Part I — Income benefits			
Regular	11,749,000	10,497,792	10,503,590
Fishing	281,000	259,092	262,870
Work-sharing	25,000	21,088	25,601
	12,055,000	10,777,972	10,792,061
Special benefit			
Parental	2,428,000	2,390,382	2,269,492
Sickness	1,233,000	1,271,563	1,165,319
Maternity	1,035,000	1,031,061	974,490
Adoption		21,620	20,474
Compassionate care	12,000	11,879	11,286
Self-employment	12,000	8,314	7,823
Parents of critically-ill children	50,000	7,440	
	4,770,000	4,742,259	4,448,884
	16,825,000	15,520,231	15,240,945
Part II — Employment benefits and support measures			
Employment benefits		**(175)**	**(383)**
Support measures			
Labour market partnerships		113,483	139,251
Research and innovation		1,959	11,525
Employment benefits and support measures	**125,000**	**115,267**	**150,393**
Transfer payments to provinces and territories related to Labour Market Development Agreements	**1,950,000**	**1,872,026**	**1,925,441**
	2,075,000	1,987,293	2,075,834
Benefits and support measures	**18,900,000**	**17,507,524**	**17,316,779**
Less: benefit repayments received or receivable from higher income claimants	218,000	206,923	217,673
	18,682,000	17,300,601	17,099,106

Benefit rates — Income benefits

From January to December 2013, benefits paid represent the lesser of 55 percent of average insurable earnings or $501 per week ($485 per week in 2012). In January 2014, the maximum payment was increased to $514 per week. The benefit rate can be increased to a maximum of the lesser of 80 percent of average insurable earnings or $514 per week as of January 1st, 2014 ($501 per week in 2013 and $485 per week in 2012) for claimants who are in a low-income family with children.

Employment Insurance Operating Account — *Concluded*

Schedule II — Statement of Operations and Accumulated Deficit for the period of January 1st to December 31st

(in thousands of dollars)

	2013	2012
Revenues		
Premiums	21,618,650	20,152,892
Penalties	47,234	59,182
Interest on overdue accounts receivable	29,244	20,633
	21,695,128	20,232,707
Expenses		
Benefits and support measures	15,181,229	15,410,925
Transfer to provinces and territories related to Labour Market Development Agreements	1,872,026	1,925,441
Administration costs	1,518,421	1,626,760
Administration costs transferred to provinces and territories	189,800	198,077
Bad debts	11,548	25,200
	18,773,024	19,186,403
Net surplus for the period before funding from the Government of Canada	2,922,104	1,046,304
Funding from the Government of Canada		
Benefit enhancement measures — Budget 2009		(11,452)
Net surplus for the period	2,922,104	1,034,852
Accumulated deficit at the beginning of the period	(8,123,584)	(9,158,436)
Accumulated deficit at the end of the period	**(5,201,480)**	**(8,123,584)**

The information provided in this Schedule for calendar year 2013, which is prepared in accordance with Canadian public sector accounting standards, is used by the Government of Canada to establish the Employment Insurance premium rate for the following calendar year. The mechanism for setting the Employment Insurance premium rate is designed to ensure that revenues and expenditures break even over time.

Section 5

2013-2014

Public Accounts of Canada

Accounts Payable and Accrued Liabilities

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Amounts payable to taxpayers.......................... 5.10
Environmental liabilities 5.11
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Accounts Payable and Accrued Liabilities

This section contains information on accounts reported on the Consolidated Statement of Financial Position under "Accounts Payable and Accrued Liabilities". The establishment and operation of these accounts are authorized by Parliament in annual appropriation acts and other legislation. In many cases, these accounts represent accounts payable, accruals and allowances set up at year end under the authority granted to the President of the Treasury Board under the *Financial Administration Act*.

Table 5.1 presents the year-end balances of accounts payable and accrued liabilities by category. Chart 5A presents accounts payable and accrued liabilities by category at March 31.

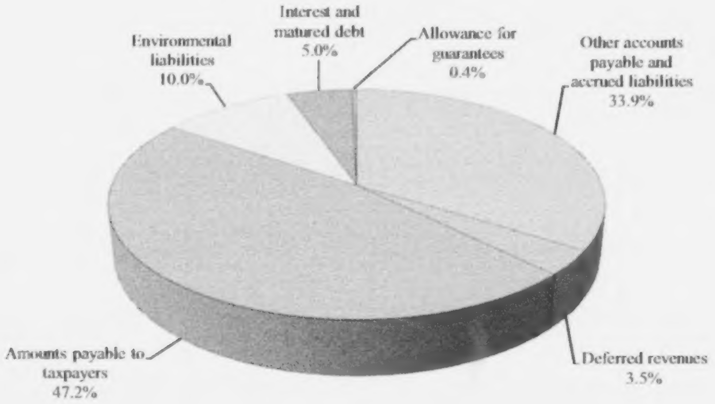
Most tables in this section present the continuity of accounts, by showing the opening and closing balances. A narrative description is provided for accounts reported in some tables. Such description follows the same presentation order as the respective tables.

Table 5.1
Accounts Payable and Accrued Liabilities

	March 31/2014	March 31/2013
	$	$
Other accounts payable and accrued liabilities, Table 5.2	37,786,651,329	43,563,833,901
Deferred revenues, Table 5.5	3,920,481,680	3,320,564,282
Amounts payable to taxpayers, Table 5.6	52,599,528,565	54,876,966,596
Environmental liabilities, Table 5.7	11,143,067,618	10,599,443,420
Interest and matured debt, Table 5.9	5,584,843,922	5,954,900,613
Allowance for guarantees	385,985,906	427,870,350
Total	111,420,559,020	118,743,579,162

Certain comparative figures have been reclassified to conform to the current year's presentation.

Chart 5A
Accounts Payable and Accrued Liabilities by category at March 31, 2014



Other Accounts Payable and Accrued Liabilities

Other accounts payable and accrued liabilities includes accounts payable, accrued salaries and benefits, notes payable to international organizations, the provincial, territorial and Aboriginal tax agreements account, miscellaneous paylist deductions and other accounts.

Table 5.2 presents a summary of the balances for the accounts in this category of accounts payable and accrued liabilities.

Table 5.2
Other Accounts Payable and Accrued Liabilities

	March 31/2014	March 31/2013
	$	$
Accounts payable	31,354,305,218	35,082,228,443
Add: consolidation adjustment [1]	2,109,431,587	2,525,011,883
	33,463,736,805	*37,607,240,326*
Accrued salaries and benefits	2,545,043,223	2,725,565,083
Notes payable to international organizations, Table 5.3	471,669,652	469,236,058
Provincial, territorial and Aboriginal tax agreements account, Table 5.4	596,288,933	2,180,362,723
Miscellaneous paylist deductions	49,894,012	34,375,694
Other	660,018,704	547,054,017
Total	37,786,651,329	43,563,833,901

Certain comparative figures have been reclassified to conform to the current year's presentation.

[1] Additional information on the consolidated Crown corporations and other entities is provided in Section 4 of this volume.

Accounts payable

This account records amounts owing at year end pursuant to contractual arrangements, or for work performed, goods received, or services rendered, accrued amounts to be paid from appropriations and statutory authorities, and accrued financial obligations of consolidated Crown corporations and other entities.

Accrued salaries and benefits

This account records salaries and wages owing at year end, amounts owing for earned and unpaid annual vacation leave and compensation time, and other accrued amounts relating to unpaid or retro-active salaries.

Notes Payable to International Organizations

Share capital subscriptions, loans and advances are made to international organizations using cash and/or notes payable that are later presented for encashment according to terms of agreements. These demand notes are non-interest bearing and are non-negotiable. The subscriptions, loans and advances are recorded as assets and details are reported in Table 9.13 (Section 9 of this volume).

Table 5.3 presents the balances and transactions for the individual notes.

Table 5.3
Notes Payable to International Organizations

		Receipts and other credits		Payments and other charges		
	April 1/2013	Note issuances	Revaluation [1]	Note encashment	Revaluation [1]	March 31/2014
	$	$	$	$	$	$
Finance —						
International Bank for Reconstruction and Development (World Bank)	24,366,598	2,146,467				26,513,065
International Development Association	441,610,000	441,610,000		441,610,000		441,610,000
Multilateral Investment Guarantee Agency	3,259,460		287,127			3,546,587
Total	469,236,058	443,756,467	287,127	441,610,000		471,669,652

[1] Notes denominated in foreign currencies are translated into Canadian dollars at the year-end closing rate of exchange.

Provincial, Territorial and Aboriginal Tax Agreements Account

This account records taxes administered by the Government of Canada on behalf of provinces, territories, and Aboriginal governments, in accordance with agreements entered into by the Minister of Finance pursuant to the *Federal-Provincial Fiscal Arrangements Act* and, in the case of First Nations goods and services tax, pursuant to the *First Nations Goods and Services Tax Act*.

The Government of Canada, as represented by the Minister of Finance, has entered into agreements with all provinces and territories (except Quebec) to collect and administer personal income tax, and with all provinces and territories (except Quebec and Alberta) to collect and administer corporate tax, and to pay amounts assessed in respect thereof in accordance with the agreements.

Agreements have also been entered into with certain Aboriginal governments, to collect First Nations Personal Income Tax as well as First Nations Sales Tax levied on motive fuels, tobacco, and alcohol and First Nations Goods and Services Tax levied on the same range of goods and services as the federal goods and services tax, and to make payments to the respective governments in accordance with the agreements.

This account also records transactions relating to agreements that the Government of Canada, has entered into with the provinces of Ontario, New Brunswick, Nova Scotia, Newfoundland and Labrador and Prince Edward Island regarding the harmonized sales tax, and payments made to those provinces in accordance with the agreements. Effective April 1, 2013, the province of British Columbia returned to the provincial sales tax regime.

The *Public Accounts of Canada* reports information on an April to March fiscal year basis, while tax information is generally calculated on a calendar year basis. Transactions related to several tax years can occur during a given fiscal year. For example, during a given fiscal year, payments are made, based on estimates, in respect of two calendar years (April to December and January to March). During this period, it is also necessary to make payments or adjustments related to tax revenues, rebates and credits for previous calendar years. Table 5.4 presents the accumulated balances and the net position of the revenues and the payments made to the provinces and territories for personal income and corporate taxes as well as for First Nations Sales Tax, First Nations Goods and Services Tax, First Nations Personal Income Tax and Harmonized Sales Tax.

Table 5.4
Provincial, Territorial and Aboriginal Tax Agreements Account

	April 1/2013	Receipts and other credits	Payments and other charges	March 31/2014
	$	$	$	$
Total Personal Income Tax administered by Canada Revenue Agency	2,436,667,642	58,055,705,918		60,492,373,560
Less: payments to provinces, territories and Aboriginal governments				
Newfoundland and Labrador			1,221,751,246	1,221,751,246
Prince Edward Island			320,197,034	320,197,034
Nova Scotia			2,189,183,266	2,189,183,266
New Brunswick			1,370,788,748	1,370,788,748
Ontario			29,423,795,250	29,423,795,250
Manitoba			2,823,424,160	2,823,424,160
Saskatchewan			2,417,941,382	2,417,941,382
Alberta			10,383,936,774	10,383,936,774
British Columbia			6,769,320,629	6,769,320,629
Yukon			71,800,558	71,800,558
Northwest Territories			72,274,529	72,274,529
Nunavut			28,615,174	28,615,174
Aboriginal Governments			19,394,216	19,394,216
			57,112,422,966	*57,112,422,966*
Total personal income tax on hand	**2,436,667,642**	**58,055,705,918**	**57,112,422,966**	**3,379,950,594**

Table 5.4

Provincial, Territorial and Aboriginal Tax Agreements Account — *Concluded*

	April 1/2013	Receipts and other credits	Payments and other charges	March 31/2014
	$	$	$	$
Total Corporate Income Tax administered by Canada Revenue Agency	2,562,900,251	11,883,097,876		14,445,998,127
Less: payments to provinces and territories				
Newfoundland and Labrador			449,948,191	449,948,191
Prince Edward Island			65,440,404	65,440,404
Nova Scotia			423,752,275	423,752,275
New Brunswick			220,698,317	220,698,317
Ontario			9,373,767,548	9,373,767,548
Quebec			54,736,293	54,736,293
Manitoba			456,174,183	456,174,183
Saskatchewan			976,377,303	976,377,303
Alberta			75,265,845	75,265,845
British Columbia			1,956,010,732	1,956,010,732
Yukon			31,941,080	31,941,080
Northwest Territories			54,238,907	54,238,907
Nunavut			15,035,960	15,035,960
			14,153,387,038	*14,153,387,038*
Total corporate income tax on hand	**2,562,900,251**	**11,883,097,876**	**14,153,387,038**	**292,611,089**
Total Harmonized Sales Tax administered by Canada Revenue Agency	(2,819,205,170)	23,695,400,235		20,876,195,065
Less: payments to provinces and territories				
Newfoundland and Labrador			1,003,394,165	1,003,394,165
Prince Edward Island			242,082,746	242,082,746
Nova Scotia			1,776,193,919	1,776,193,919
New Brunswick			1,136,213,125	1,136,213,125
Ontario			20,159,768,701	20,159,768,701
British Columbia [1]			(365,184,841)	(365,184,841)
			23,952,467,815	*23,952,467,815*
Total harmonized sales tax on hand	**(2,819,205,170)**	**23,695,400,235**	**23,952,467,815**	**(3,076,272,750)**
Total First Nations Sales Tax administered by Canada Revenue Agency		5,987,071		5,987,071
Less: payments to Aboriginal governments			5,987,071	5,987,071
Total First Nations Sales Tax on hand		**5,987,071**	**5,987,071**	
Total First Nations Goods and Services Sales Tax administered by Canada Revenue Agency		15,034,524		15,034,524
Less: payments to Aboriginal governments			15,034,524	15,034,524
Total First Nations Goods and Services Sales Tax on hand		**15,034,524**	**15,034,524**	
Total	2,180,362,723	93,655,225,624	95,239,299,414	596,288,933

[1] A negative number under the column "Payments and other charges" represents the net recovery of amounts during the year.

Miscellaneous paylist deductions

Deductions from the salaries and wages of certain employees are credited to this account pending transmittal to related outside organizations.

Other

Miscellaneous accounts payable and accrued liabilities such as provincial sales tax collected on sales are recorded in this account.

Deferred Revenues

This account records revenues received before the end of the current fiscal year for which the goods or services are to be delivered or rendered in a subsequent fiscal year. It includes licence fees received for which access to the radio spectrum is being provided in subsequent years. The major deferred revenues of $50 million or more are reported individually. It also presents separately revenues received which have been recorded in a specified purpose account.

Table 5.5 presents the balances and transactions of deferred revenues.

Table 5.5
Deferred Revenues

	April 1/2013	Receipts and other credits	Payments and other charges	March 31/2014
	$	$	$	$
Deferred revenues —				
Citizenship and Immigration —				
Service fees for immigration and citizenship	253,014,556	456,572,263	503,230,604	206,356,215
Industry —				
Spectrum licence fees and other fees	2,813,215,627	1,512,269,561	875,210,444	3,450,274,744
Other deferred revenues	220,827,275	299,675,142	290,848,121	229,654,296
Total	3,287,057,458	2,268,516,966	1,669,289,169	3,886,285,255
Other deferred revenues — Specified purpose accounts —				
Donation and bequest accounts —				
Agriculture and Agri-Food —				
Shared-cost agreements — Research	13,983,203	4,997,337	6,376,520	12,604,020
Canadian Heritage —				
Library and Archives of Canada —				
Special operating account	145,308	466,667	477,571	134,404
Employment and Social Development —				
Canadian Centre for Occupational Health and Safety —				
Donations	106,402	4,500		110,902
Environment —				
Endangered species — Donations	146,055	313,708	295,126	164,637
Miscellaneous projects deposits	6,365,585	4,029,380	3,253,643	7,141,322
	6,511,640	*4,343,088*	*3,548,769*	*7,305,959*
Parks Canada Agency				
Pacific Rim Mitigation Fund	1,375,000		125,000	1,250,000
	7,886,640	*4,343,088*	*3,673,769*	*8,555,959*
Fisheries and Oceans —				
Restricted donations	6,176		3,556	2,620
Governor General —				
Donations — Rideau Hall	125,000		22,815	102,185
Cost sharing collaborate agreement		67,700	44,500	23,200
	125,000	*67,700*	*67,315*	*125,385*
Health —				
Canadian Institutes of Health Research —				
Donations for research	3,944,158	9,652,024	6,853,733	6,742,449
Indian Affairs and Northern Development —				
Indian Residential Schools Truth and Reconciliation Commission —				
National Events — Donations	247,453	620,480	867,933	
Industry —				
Prime Minister's Awards and other deposits	5,159,901	1,110,204	2,900,693	3,369,412
Canadian Space Agency —				
RADARSAT-2	8,596	17,505	8,596	17,505
RADARSAT-2 — Data satellite		1,822,062	1,776,505	45,557
	8,596	*1,839,567*	*1,785,101*	*63,062*
Natural Sciences and Engineering Research Council —				
Trust fund	250			250
Social Sciences and Humanities Research Council —				
Trust fund	387,295	2,059		389,354
	5,556,042	*2,951,830*	*4,685,794*	*3,822,078*

Table 5.5

Deferred Revenues — *Concluded*

	April 1/2013	Receipts and other credits	Payments and other charges	March 31/2014
	$	$	$	$
National Defence —				
Corporate sponsorships and donations	24,492	85,877	88,025	22,344
Public Safety and Emergency Preparedness —				
Royal Canadian Mounted Police —				
Mounted Police Foundation	305,762	201,950		507,712
Royal Canadian Mounted Police Pipe Band (NCR)	9,714			9,714
Sponsorship Agreement — Contributions	168,653			168,653
	484,129	*201,950*		*686,079*
Transport —				
Shared-cost agreements — Transportation research and development	784,374	803,104	358,371	1,229,107
Veterans Affairs —				
Restricted donations —				
Canadian Memorial	800			800
Wounded Warrior Fund	89,559		56,770	32,789
	90,359		*56,770*	*33,589*
Total — Donation and bequest accounts	33,383,736	24,194,557	23,509,357	34,068,936
Endowment interest accounts —				
Environment —				
Parks Canada Agency —				
Laurier House — Interest (Mackenzie King trust account)		5,355	5,355	
Health —				
Canadian Institutes of Health Research —				
Endowments for health research	8,739	1,250		9,989
Industry —				
National Research Council of Canada —				
H.L. Holmes Fund		75,608	75,608	
Social Sciences and Humanities Research Council —				
Queen's Fellowship Fund	114,349	3,151		117,500
	114,349	*78,759*	*75,608*	*117,500*
Total — Endowment interest accounts	123,088	85,364	80,963	127,489
Total — Other deferred revenues — Specified purpose accounts	33,506,824	24,279,921	23,590,320	34,196,425
Total — Deferred revenues	3,320,564,282	2,292,796,887	1,692,879,489	3,920,481,680

Service fees for immigration and citizenship

This account was established to record fees and rights derived from the *Citizenship Act* and Regulations and the *Immigration and Refugees Protection Act* and Regulations. Fees are deferred until the application is deemed processed, while rights (right of citizenship and right of permanent residence) are deferred until the right is granted.

Spectrum licence fees and other fees

This account was established to record, *(a)* funds received from Spectrum Auctions, which are recognized as revenues over the period of the licences; *(b)* funds received from Spectrum Licence Fees that are received in the latter part of the fiscal year, but which are applicable to the following fiscal year; and, *(c)* funds received from other sources such as patents and trademarks examination and registration fees, Bankruptcy Trustee Licence Fees and Competition Bureau Pre-Merger Fees, which are recognized as revenue in the subsequent year.

Shared-cost agreements — Research

This account was established to record amounts deposited by external parties for shared-cost projects, and any related future provincial program payments to be made on a province's behalf by Agriculture and Agri-Food Canada as part of a related project. Funds are disbursed on behalf of depositors as specific projects are undertaken.

Special operating account

This account was established, pursuant to section 18 of the *Library and Archives of Canada Act*, to record funds received for the purposes of the Library and Archives of Canada, by way of gifts. Amounts required for the purposes of the Act may be paid out of this account, or out of funds appropriated by Parliament for such purposes.

Donations

This account was established, pursuant to subsection 6(3) of the *Canadian Centre for Occupational Health and Safety Act*, to record funds, securities or other property received by way of gift, bequest or otherwise, and to disburse such donations at the discretion of the Centre.

Endangered species — Donations

This account was established to record donations, gifts or bequests received from individuals and organizations to finance various studies related to endangered species.

Miscellaneous projects deposits

This account was established to record contributions received from organizations and individuals, for the advancement of research work and clean-up efforts.

Pacific Rim Mitigation Fund

This account was established to record funds received for the protection of lands within the Pacific Rim National Park Reserve of Canada. Funds so received are used to monitor community use impacts, carry out related research and implement required mitigation measures.

Restricted donations — Fisheries and Oceans

This account was established to record directed donations to be used for research, development, management and promotion of fisheries and oceans related issues.

Donations — Rideau Hall

This account was established to record gifts, donations or bequests to Rideau Hall from private organizations and individuals to fund specific initiatives.

Cost sharing collaborate agreement

This account was established to record amounts deposited by external parties for shared-cost projects.

Donations for research

This account was established, pursuant to section 29 of the *Canadian Institutes of Health Research Act*, to record donations and contributions received from organizations and individuals for biomedical research.

National Events — Donations

This account was established to record donations received from individuals and organizations to be used for National Events expenses.

Prime Minister's Awards and other deposits

This account was established to record amounts deposited by external parties to be used in support of the Prime Minister's Awards for teaching excellence and amounts deposited by customers to be used for payments of services provided by Industry Canada.

RADARSAT-2

This account was established to record funds received for the configuration and layout of relocated "MacDonald, Dettwiler and Associates" personnel.

RADARSAT-2 — Data satellite

This account was established to record funds received from "MacDonald, Dettwiler and Associates" for the reception, archiving, cataloging and satellite acquisition services.

Trust fund — Natural Sciences and Engineering Research Council

This account was established by the *Natural Sciences and Engineering Research Council Act (1978)* to record funds received from other governments and organizations to cover expenses made on their behalf.

Trust fund — Social Sciences and Humanities Research Council

This account was established to record funds available for social sciences and humanities research activities. The account is also used to record receipts of private donations for the purpose of special projects.

Corporate sponsorships and donations

This account was established by the Department of National Defence to administer funds received from various private companies, not for profit corporations, associations, other levels of government, or individuals for the purpose of holding events, conducting operations and constructing capital assets consistent with the Department's mandate but not funded from its appropriations.

Mounted Police Foundation

This account was established to record funds received from the Mounted Police Foundation which will be used to cover expenses related to community policing, educational, promotional and public relations projects throughout Canada.

Royal Canadian Mounted Police Pipe Band (NCR)

This account was established to administer sponsorship funds to support the Royal Canadian Mounted Police Pipe Band.

Sponsorship Agreement — Contributions

This account was established to record funds contributed to the Royal Canadian Mounted Police pursuant to sponsorship agreements for use in community policing programs.

Shared-cost agreements — Transportation research and development

This account was established to record, on a temporary basis, *(a)* funds received from cost-sharing agreements intended to strengthen and improve the safety, security and efficiency of the Canadian transportation system; and, *(b)* funds received from private sector and provincial governments to directly support the departmental strategic objectives.

Restricted donations — Canadian Memorial

This account was established to record directed donations for the purpose of management and maintenance of the Canadian Memorial in Green Park, London, United Kingdom.

Restricted donations — Wounded Warrior Fund

This account was established to record directed donations for the purpose of providing assistance to support the pilot project designed to assist disenfranchised Veterans in crisis.

Laurier House — Interest (Mackenzie King trust account)

The late The Right Hon W. L. Mackenzie King bequeathed Laurier House, Ottawa, and the sum of $225,000, to the Government of Canada. The amount of $225,000 was credited to the account and earns interest, in accordance with the terms of section 3 of the *Laurier House Act*. The interest is to be used to assist in the maintenance of the Laurier House, which is to be preserved as a place of historic interest, and also to provide accommodation for study and research.

Endowments for health research

This account was established by section 29 of the *Canadian Institutes of Health Research Act*, to record various endowments received from donors for the purpose of health research. The interest received is used for the payment of research grants.

H.L. Holmes Fund

This account was established, pursuant to paragraph 5(1)(f) of the *National Research Council Act*, to record the residue of the estate of H.L. Holmes. Up to two thirds of the yearly net income from the fund shall be used to finance the H.L. Holmes Award on an annual basis. These awards will provide the opportunity to post-doctoral students to study at world famous graduate schools or research institutes under outstanding research persons.

Queen's Fellowship Fund

This fund is an endowment of $250,000 that was established by Vote 45a, *Appropriation Act No. 5, 1973-74*. The interest earned is used for the payment of fellowships to graduate students in certain fields of Canadian studies.

Amounts Payable to Taxpayers

Amounts payable to taxpayers are based on assessments as well as estimates of refunds owing for assessments not completed by year end.

Table 5.6 presents a summary of the balances for the different tax revenue streams.

Table 5.6
Amounts Payable to Taxpayers

	March 31/2014	March 31/2013
	$	$
Personal and non-resident income tax	32,218,590,587	32,276,842,666
Corporate income tax	9,806,504,730	11,512,692,731
Goods and services tax	10,524,546,108	11,028,436,136
Customs and excise	49,887,140	58,995,063
Total	52,599,528,565	54,876,966,596

Personal and non-resident income tax

This account records tax refunds payable to individual taxpayers as well as amounts payable to employers and other withholdlers of personal income tax. This account also includes any interest owing on the balances.

Corporate income tax

This account records tax refunds payable and any interest owing to corporate taxpayers.

Goods and services tax

This account records refunds, rebates and any interest owing related to the goods and services tax.

Customs and excise

This account records refunds of customs import duties, excise taxes and duties, energy taxes and any interest owing on the balances.

Environmental Liabilities

Environmental liabilities include the estimated costs related to the remediation of contaminated sites, future restoration of certain tangible capital assets where the Government is obligated, or likely obligated to incur such costs and other environmental liabilities.

The Government has identified approximately 11,600 sites for which environmental liabilities may exist for assessment, remediation and monitoring. Of these, the Government has identified approximately 2,500 sites (2,300 sites in 2013), where action is possible and for which a liability of $4,796 million ($4,892 million in 2013) has been recorded. Of the remaining 9,100 sites, 2,400 sites were closed as they were either remediated or assessed and found not to be contaminated and 6,700 sites are currently without an accrued liability primarily due to the fact the sites are not yet fully assessed and contamination has not yet been determined or they have not developed a detailed remediation plan. As the sites are assessed, if contamination is found, and it exceeds the environmental standard, a liability will be recognized as soon as a reasonable estimate can be made.

The total future asset restoration liability is $6,347 million ($5,708 million in 2013) of which Atomic Energy of Canada Ltd. (AECL) has recorded $6,327 million ($5,688 million in 2013) for nuclear facility decommissioning. In 2013-2014, AECL reviewed and revised a key assumption underlying the decommissioning and waste management liability cost estimate. The presence of an operating reactor affects the attribution of indirect site operating and support costs included in the liability estimate. Previously, it was assumed that there would be an operating reactor on the Chalk River site throughout most of the decommissioning plan period. As a result of more recent restructuring decisions around the future of the NRU reactor and the possibility and timing of a replacement reactor, it was decided to adopt a more relevant position and assume no replacement reactor, as the reference assumption. This change in assumption increases the indirect cost attribution included in the cost estimate and increased the reported liability by $623 million.

In addition, the Government has identified approximately 865 unexploded explosive ordnance (UXO) suspected sites for which clearance action may be necessary. Of these sites, 63 (50 in 2013) are confirmed UXO affected sites. Based on the Government's best estimates, a liability of $2 million ($3 million in 2013) has been recorded for clearance action on 6 (8 in 2013) of the confirmed UXO sites. The remaining 802 suspect sites are currently in the assessment stage and a reasonable estimate cannot yet be determined. Of these sites, the obligation for clearance action is likely for 74 sites, indeterminable for 715 sites and unlikely for 13 sites.

The Government's ongoing efforts to assess contaminated sites, future asset restoration obligations and UXO affected sites may result in additional environmental liabilities related to newly identified sites or changes in the assessments of existing sites. Any additional liabilities will be accrued in the year in which they become known and can be reasonably estimated.

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Table 5.7 presents the liability balances of the custodian departments and Crown corporations for remediation liabilities for contaminated sites and asset restoration liabilities for UXO affected sites, nuclear facility decommissioning and certain electronic equipment.

Table 5.7
Environmental Liabilities

	March 31/2014	March 31/2013
	$	$
Remediation of contaminated sites —		
Agriculture and Agri-Food	1,513,644	856,349
Canada Border Services Agency	2,320,091	2,295,800
Correctional Service of Canada	3,963,650	3,697,562
Environment	110,916,041	120,803,919
Fisheries and Oceans	96,498,180	94,450,638
Health	167,482	170,255
Indian Affairs and Northern Development	2,602,985,802	2,530,833,152
National Defence	462,424,603	407,148,644
National Research Council of Canada	168,400	197,000
Natural Resources	987,527,496	1,035,415,073
Parks Canada Agency	20,761,201	20,703,590
Public Works and Government Services	119,571,537	251,710,716
Royal Canadian Mounted Police	3,121,562	3,937,539
Transport	163,587,726	180,760,825
	4,575,527,415	*4,652,981,062*
Consolidated Crown corporations and other entities —		
Canadian Broadcasting Corporation	588,000	260,000
Enterprise Cape Breton Corporation	158,548,000	176,213,000
Marine Atlantic Inc	431,000	170,000
National Capital Commission	24,224,000	27,643,000
The Jacques-Cartier and Champlain Bridges Incorporated	35,861,000	33,200,000
VIA Rail Canada Inc.	500,000	900,000
	220,152,000	*238,386,000*
Total remediation of contaminated sites	4,795,679,415	4,891,367,062
Future asset restoration —		
National Defence (unexploded explosive ordnance affected sites)	1,989,054	3,044,483
Others	555,149	534,875
	2,544,203	*3,579,358*
Consolidated Crown corporations and other entities —		
Atomic Energy of Canada Limited (nuclear facility decommissioning)	6,326,556,000	5,687,818,000
Others	18,288,000	16,679,000
	6,344,844,000	*5,704,497,000*
Total future asset restoration	6,347,388,203	5,708,076,358
Total environmental liabilities	11,143,067,618	10,599,443,420

5.12 Accounts Payable and Accrued Liabilities

Changes in Liability for Remediation of Contaminated Sites

Table 5.8 presents a summary of the changes in liability balances for contaminated sites. In addition to expenditures reducing environmental liabilities previously recorded, the government spent another $19,198,394 ($17,630,161 in 2013) as management and remediation costs on its contaminated sites when these costs became known in the year.

Table 5.8
Changes in Liability for Remediation of Contaminated Sites

	March 31/2014	March 31/2013
	$	$
Opening balance	4,891,367,062	4,772,902,706
Less: Expenditures reducing opening liabilities	432,808,848	321,125,978
Add: Changes in estimated remediation costs	261,574,058	405,866,323
New liability for sites not previously recorded	75,547,143	33,724,011
Closing balance	4,795,679,415	4,891,367,062

Interest and Matured Debt

Interest and matured debt includes interest due, interest accrued and matured debt.

Table 5.9 presents a summary of the balances for the accounts in this category of accounts payable and accrued liabilities.

Table 5.9
Interest and Matured Debt

	March 31/2014	March 31/2013
	$	$
Interest due	1,076,866,714	1,338,263,760
Interest accrued	4,158,125,883	4,317,850,928
Matured debt	349,851,325	298,785,925
Total	5,584,843,922	5,954,900,613

Interest due

Interest due is the interest on the bonded debt, which is due and payable but has not been redeemed by bond holders.

Interest accrued

Interest accrued is the interest accumulated as at March 31 on the bonded debt and certain other liabilities, that is not payable until a future date.

Matured debt

This account records financial obligations represented by certificates of indebtedness issued by the Government, that have become due but that have not been presented for redemption. Unclaimed matured bonds are transferred to other revenues if they remain unredeemed 15 years after the date of call or maturity, whichever is earlier.

Allowance for Guarantees

This category of accounts payable and accrued liabilities includes the allowance for guarantees provided by the Government. An allowance is recorded for guarantees when it is likely that a payment will be made in the future to honour a guarantee and when the amount of the loss can be reasonably estimated. As at March 31, 2014, the allowance for guarantees is $386 million ($428 million in 2013).

Additional information relating to guarantees can be found in Note 17 — Guarantees in Section 2 and in Table 11.5 in Section 11 of this volume. In addition, Table 9.6 in Section 9 includes details on the borrowings of agent and non-agent enterprise Crown corporations and other government business enterprises. In accordance with section 54 of the *Financial Administration Act*, the payment of all money borrowed by agent enterprise Crown corporations, and interest thereon, is a charge on and payable out of the Consolidated Revenue Fund. Such borrowings therefore constitute unconditional obligations of the Government. In contrast, borrowings of non-agent enterprise Crown corporations and other government business enterprises may, at times, be guaranteed by the Government.

Section 6

2013-2014

Public Account of Canada

Interest-Bearing Debt

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Interest-Bearing Debt

This section contains information on the interest-bearing debt of the Government. Interest-bearing debt includes the unmatured debt and pensions, other future benefits and other liabilities.

Some tables in this section present the continuity of accounts, by showing the opening and closing balances, as well as receipts and other credits, and payments and other charges.

Table 6.1 presents the transactions and year-end balances of interest-bearing debt. Chart 6A presents interest-bearing debt by category for the current fiscal year.

The financial statements of the Canada Pension Plan, the Government Annuities Account and the Royal Canadian Mounted Police (Dependants) Pension Fund, together with the Independent Auditor's Reports thereon, are presented at the end of this section.

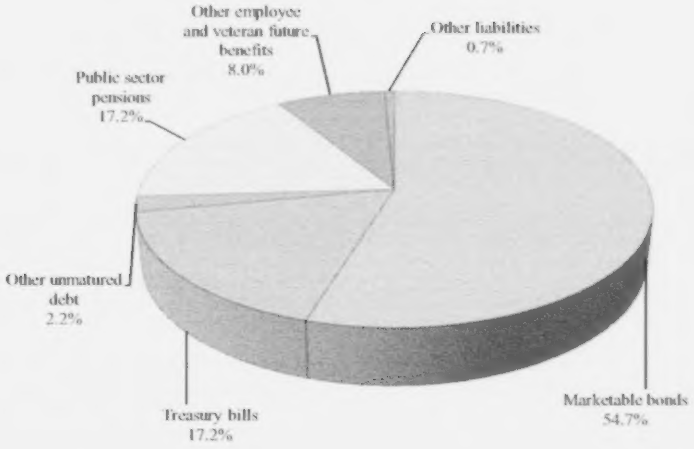
A narrative description is provided for accounts reported in some tables. Such description follows the same presentation order as the respective tables.

Table 6.1
Interest-Bearing Debt

	April 1/2013	Receipts and other credits	Payments and other charges	March 31/2014
	\$ Restated [1]	\$	\$	\$
Unmatured debt [2] —				
Payable in Canadian currency —				
Marketable bonds, Table 6.2	469,038,931,471	91,333,153,228	87,053,072,000	473,319,012,699
Treasury bills, Table 6.3	180,688,813,000	418,500,000,000	446,199,111,000	152,989,702,000
Retail debt, Table 6.4	7,480,702,426	1,635,575,841	2,789,221,299	6,327,056,968
	657,208,446,897	*511,468,729,069*	*536,041,404,299*	*632,635,771,667*
Payable in foreign currencies —				
Marketable bonds, Table 6.2	8,699,489,842	4,300,877,165	6,172,008	12,994,194,999
Canada bills, Table 6.5	2,102,613,016	6,963,658,743	6,776,295,944	2,289,975,815
Medium-term notes, Table 6.6		746,212,500		746,212,500
	10,802,102,858	*12,010,748,408*	*6,782,467,952*	*16,030,383,314*
Total — Market debt	668,010,549,755	523,479,477,477	542,823,872,251	648,666,154,981
Cross-currency swap revaluation	(3,418,560,867)		(5,744,931,160)	2,326,370,293
Unamortized discounts and premiums on market debt, Table 6.7	3,230,775,624	3,432,199,840	3,478,903,826	3,184,071,638
Obligation related to capital leases, Table 6.12	3,646,619,788	278,679,371	322,629,956	3,602,669,203
Other unmatured debt	917,415,062	261,168,169		1,178,583,231
Total — Unmatured debt	672,386,799,362	527,451,524,857	540,880,474,873	658,957,849,346
Pensions, other future benefits and other liabilities —				
Public sector pensions, Table 6.15	151,667,621,713	18,858,897,092	17,442,982,171	153,083,536,634
Other employee and veteran future benefits, Table 6.28	67,301,000,000	17,926,000,000	13,818,000,000	71,409,000,000
Other liabilities —				
Due to Canada Pension Plan, Table 6.29	68,307,164	67,845,641,079	67,773,498,650	140,449,593
Government Annuities Account	183,108,366	12,374,944	29,345,806	166,137,504
Deposit and trust accounts, Table 6.30	1,895,268,409	2,149,943,395	2,359,978,561	1,685,233,243
Other specified purpose accounts, Table 6.33	3,899,470,068	3,282,587,345	3,259,778,095	3,922,279,318
	6,046,154,007	*73,290,546,763*	*73,422,601,112*	*5,914,099,658*
Total — Pensions, other future benefits and other liabilities	225,014,775,720	110,075,443,855	104,683,583,283	230,406,636,292
Total	897,401,575,082	637,526,968,712	645,564,058,156	889,364,485,638

(1) Certain comparative figures have been restated. Details on the restatement can be found in Note 2, Section 2 of this volume.
(2) This table includes unmatured debt issued by the Government of Canada. Borrowings of agent enterprise Crown corporations which are unconditional obligations of the Government, but not included in unmatured debt, can be found in Table 6.11.

Chart 6A
Interest-Bearing Debt by Category at March 31, 2014



Unmatured Debt

Unmatured debt represents financial obligations resulting from certificates of indebtedness issued by the Government of Canada that have not yet become due, cross currency swap revaluation and unamortized discounts and premiums on market debt, obligations related to capital leases and other unmatured debt.

The Government's holdings of its own securities have been deducted from unmatured debt, to report the amount of the Government's liabilities to outside parties.

Marketable Bonds

Marketable bonds are interest bearing certificates of indebtedness issued by the Government of Canada, and have the following characteristics:

bought and sold on the open market;

payable in Canadian or foreign currency;

subject to redemption before maturity;

fixed dates of maturity;

interest payable either in coupon or registered form; and,

face value guaranteed at maturity.

Registered marketable bonds are transferable by endorsement and delivery by one holder to another. Bearer marketable bonds need not be endorsed.

Table 6.2 presents a summary of the balances and transactions for marketable bonds.

The year-end balances of marketable bonds payable in foreign currencies were translated into Canadian dollars using the closing rates of exchange at March 31, 2014.

Table 6.2
Marketable Bonds

	April 1/2013	Receipts and other credits [1]	Payments and other charges [1]	March 31/2014
	$	$	$	$
Payable in Canadian currency				
Matured 2013-2014	57,509,120,000		57,509,120,000	
Maturing 2014-2015	88,176,902,000		25,264,881,000	62,912,021,000
2015-2016	57,641,559,000	23,100,000,000	3,266,211,000	77,475,348,000
2016-2017	41,057,400,000	22,800,000,000		63,857,400,000
2017-2018	30,742,526,000			30,742,526,000
2018-2019	10,622,764,000	20,400,000,000		31,022,764,000
2019-2020	17,650,000,000			17,650,000,000
2020-2021	13,667,361,000			13,667,361,000
2021-2022	19,341,947,144	111,522,362		19,453,469,506
2022-2023	12,906,022,000			12,906,022,000
2023-2024	10,758,552,000	5,800,000,000		16,558,552,000
2024-2025		11,100,000,000		11,100,000,000
2025-2026	2,422,456,000		119,300,000	2,303,156,000
2026-2027	7,250,815,763	107,021,423		7,357,837,186
2027-2028	4,430,175,000			4,430,175,000
2029-2030	11,871,535,000		419,877,000	11,451,658,000
2031-2032	7,698,644,083	113,631,331		7,812,275,414
2033-2034	13,002,905,000		207,000,000	12,795,905,000
2036-2037	6,889,747,364	101,692,085		6,991,439,449
2037-2038	13,950,856,000		266,683,000	13,684,173,000
2041-2042	22,943,541,002	105,438,057		23,048,979,059
2044-2045	6,925,248,115	1,273,460,104		8,198,708,219
2045-2046	11,400,000,000	5,000,000,000		16,400,000,000
2047-2048		1,098,186,866		1,098,186,866
	468,860,076,471	91,110,952,228	87,053,072,000	472,917,956,699
Less:				
Government's holdings [2]	214,900,000	(214,900,000)		
Consolidation adjustment [3]	(393,755,000)	(7,301,000)		(401,056,000)
	(178,855,000)	*(222,201,000)*		*(401,056,000)*
Total marketable bonds payable in Canadian currency	469,038,931,471	91,333,153,228	87,053,072,000	473,319,012,699
Payable in foreign currencies —				
Maturing 2014-2015	3,048,000,000	268,500,000		3,316,500,000
2016-2017	3,081,775,904	271,475,338		3,353,251,242
2018-2019	16,337,280	3,317,939,160		3,334,276,440
2019-2020	2,608,356,000	441,513,250		3,049,869,250
	8,754,469,184	4,299,427,748		13,053,896,932
Less: Government's holdings and securities held for the retirement of unmatured debt [4]	54,979,342	1,449,417	6,172,008	59,701,933
Total marketable bonds payable in foreign currencies	8,699,489,842	4,300,877,165	6,172,008	12,994,194,999
Total	477,738,421,313	95,634,030,393	87,059,244,008	486,313,207,698

[1] These columns include the translation of marketable bonds payable in foreign currencies to Canadian dollars using the closing rates of exchange at March 31.

[2] Represents securities held for cancellation.

[3] Includes $7 million of securities held by consolidated Crown corporations and other entities and $408 million of borrowings by consolidated agent Crown corporations. Additional information on consolidated Crown corporations and other entities is provided in Section 4 of this volume.

[4] These securities were assumed by the Government of Canada on February 5, 2001 upon the dissolution of Petro-Canada Limited. These are presented as a deduction from the foreign currency unmatured debt since they are held specifically for the repayment of the corresponding liabilities assumed upon the dissolution of the Corporation.

Treasury Bills

Treasury bills are short-term certificates of indebtedness issued by the Government of Canada to pay sums of money on given dates, and have the following characteristics:

— issued at a discount in lieu of interest payments;

— issued in Canadian currency only;

— issued every 2 weeks;

— common terms: 3 months, 6 months and 12 months;

— transferable; and,

— bought and sold on the open market.

The balance at March 31, 2014 consists of $3,800 million in odd issue bills; $43,700 million in three-month bills; $29,800 million in six-month bills; and, $75,700 million in 364-day bills.

Table 6.3 presents a summary of Treasury bill issues and redemptions.

Table 6.3
Treasury Bills

	April 1/2013	Receipts and other credits	Payments and other charges	March 31/2014
	$	$	$	$
Three-month bills	54,500,000,000	201,100,000,000	211,900,000,000	43,700,000,000
Six-month bills	36,000,000,000	75,700,000,000	81,900,000,000	29,800,000,000
Other bills	90,200,000,000	141,700,000,000	152,400,000,000	79,500,000,000
	180,700,000,000	418,500,000,000	446,200,000,000	153,000,000,000
Less: Government's holdings — Consolidation adjustment [1]	11,187,000		889,000	10,298,000
Total	180,688,813,000	418,500,000,000	446,199,111,000	152,989,702,000

[1] Represents securities held by consolidated Crown corporations and other entities. Additional information is provided in Section 4 of this volume.

Retail Debt

Retail debt includes Canada Savings Bonds and Canada Premium Bonds which are interest-bearing certificates of indebtedness issued by the Government of Canada, and have the following characteristics:

- issued to Canadian residents;
- issued in Canadian currency only;
- registered in the name of the holder;
- fixed dates of maturity;
- not marketable;
- not subject to call before maturity;
- term to maturity of seven years or more;
- Canada Savings Bonds are redeemable on demand by the holder, with accrued interest calculated to the end of the previous month (no interest is paid if redeemed during the first 3 months following the date of issue); and,
- Canada Premium Bonds are redeemable in full or partially on any annual anniversary of the issue date and during the 30 days thereafter by the holder, with accrued interest if applicable.

Table 6.4 presents a summary of the balances and transactions for Canada Savings Bonds and Canada Premium Bonds.

Table 6.4
Retail Debt

	April 1/2013	Receipts and other credits	Payments and other charges	March 31/2014
	$	$	$	$
Canada Savings Bonds –				
Matured 2013-2014 [1]	242,324,677		242,324,677	
Maturing 2014-2015 [2]	317,456,134		45,967,914	271,488,220
2015-2016 [3]	839,972,433	875,860,375	861,790,733	854,042,075
2016-2017 [4]	411,201,982	586,897,972	131,429,697	866,670,257
2017-2018 [5]	720,358,231		111,447,183	608,911,048
2018-2019 [6]	796,467,583		136,733,950	659,733,633
2019-2020 [7]	398,077,001		79,468,256	318,608,745
2020-2021 [8]	451,564,513		111,517,782	340,046,731
2021-2022	676,606,506		241,535,255	435,071,251
	4,854,079,060	*1,462,758,347*	*1,962,215,447*	*4,354,571,960*
Canada Premium Bonds –				
Matured 2013-2014	616,151,619	126	616,151,745	
Maturing 2014-2015	188,387,656		9,691,696	178,695,960
2015-2016	355,769,042	14,900	24,315,193	331,468,749
2016-2017	129,248,910	172,802,468	16,557,240	285,494,138
2017-2018	114,162,544		9,401,926	104,760,618
2018-2019 [6]	554,847,130		72,249,672	482,597,458
2019-2020 [7]	315,797,833		45,005,764	270,792,069
2020-2021 [8]	185,908,986		21,808,850	164,100,136
2021-2022	166,399,646		11,823,766	154,575,880
	2,626,673,366	*172,817,494*	*827,005,852*	*1,972,485,008*
Total	7,480,752,426	1,635,575,841	2,789,221,299	6,327,056,968

[1] Ten years maturity extension to CSB Series 46 until November 1, 2013.
[2] Ten years maturity extension to CSB Series 47 until November 1, 2014.
[3] Ten years maturity extension to CSB Series 48 until November 1, 2015.
[4] Ten years maturity extension to CSB Series 49 until November 1, 2016.
[5] Ten years maturity extension to CSB Series 50 and 52 until November 1, 2017.
[6] Ten years maturity extension to CSB Series 51, 54, 55, 56, 57, 58 and CPB Series 3, 4, 5, 6, 7.
[7] Ten years maturity extension to CSB Series 59, 60, 61, 62, 63, 64 and CPB Series 8, 9, 10, 11, 12, 13.
[8] Ten years maturity extension to CSB Series 65 and CPB Series 14.

Canada Bills

Canada bills are short-term certificates of indebtedness issued by the Government of Canada in the United States money market under the Government's foreign currency borrowing program. Canada bills provide Canada with an additional source of short-term US funds and have the following characteristics:

— issued at a discount in lieu of interest payments;

— term to maturity of not more than 270 days;

— transferable; and,

— bought and sold on the open market.

The year-end balance of Canada bills payable in US dollars was translated into Canadian dollars using the closing rate of exchange at March 31, 2014.

Table 6.5 presents a summary of Canada bill issues and redemptions.

Table 6.5
Canada Bills

	April 1/2013	Receipts and other credits	Payments and other charges	March 31/2014
	$	$	$	$
Canada bills before revaluation	2,055,533,514	6,904,345,928	6,776,295,944	2,183,583,498
Exchange valuation adjustment	47,079,502	59,312,815		106,392,317
Total	2,102,613,016	6,963,658,743	6,776,295,944	2,289,975,815

Medium-Term Notes

Medium-term notes are issued by the Government of Canada in the foreign markets under the Government's foreign currency borrowing program, and thus provide Canada with an additional source of medium-term foreign funds.

The year-end balances of medium-term notes payable in US dollars were translated into Canadian dollars using the closing rate of exchange of the appropriate currency at March 31, 2014.

Table 6.6 presents a summary of the balances and transactions for the medium-term notes.

Table 6.6
Medium-Term Notes

	April 1/2013	Receipts and other credits	Payments and other charges	March 31/2014
	$	$	$	$
Payable in foreign currencies				
Maturing 2016-2017		442,200,000		442,200,000
2019-2020		248,737,500		248,737,500
2020-2021		55,275,000		55,275,000
Total		746,212,500		746,212,500

Cross-currency Swap Revaluation

This represents the unrealized gains or losses due to fluctuations in the foreign exchange value of the cross-currency swaps.

Unamortized Discounts and Premiums on Market Debt

The unamortized discounts and premiums on market debt have the following characteristics:

- unamortized discounts on Canada bills records the portion of the discounts on outstanding Canada bills which has not yet been charged to expenses. Discounts are amortized over the life of the bills;
- unamortized discounts on Treasury bills records the portion of the discounts on outstanding Treasury bills which has not yet been charged to expenses. Discounts are amortized over the life of the bills; and,
- unamortized discounts and premiums on marketable bonds records the portion of the discounts and premiums on outstanding marketable bonds which has not yet been charged to expenses. Discounts and premiums are amortized over the life of the bonds.

Table 6.7 presents a summary of the balances and transactions for the unamortized discounts and premiums on market debt.

Table 6.7
Unamortized Discounts and Premiums on Market Debt

	April 1/2013	Receipts and other credits	Payments and other charges	March 31/2014
	$ Restated [1]	$	$	$
Unamortized discounts on Canada Bills	(710,463)	2,411,279	2,066,907	(366,091)
Unamortized discounts on Treasury Bills	(589,189,276)	1,815,475,471	1,686,378,152	(460,091,957)
Unamortized discounts and premiums on marketable bonds	3,820,675,363	1,614,313,090	1,790,458,767	3,644,529,686
Total	3,230,775,624	3,432,199,840	3,478,903,826	3,184,071,638

[1] Certain comparative figures have been restated. Details on the restatement can be found in Note 2, Section 2 of this volume.

Interest Rates

Table 6.8 sets out market debt as at March 31, for each of the years 2009-2010 to 2013-2014 inclusively, with the average rate of interest thereon. For purposes of comparison, market debt is classified as Marketable bonds, Treasury bills, Retail debt, Bonds for Canada Pension Plan, Canada bills and Medium-term notes.

Table 6.8

Market Debt as at March 31, from 2010 to 2014, with the Average Rate of Interest Thereon

	Marketable bonds		Treasury bills		Retail debt		Bonds for Canada Pension Plan		Canada bills		Medium-term notes		Total market debt	
	Amount out-standing	Average interest rate	Amount out-standing	Average interest rate	Amount out-standing	Average interest rate	Amount out-standing	Average interest rate	Amount out-standing	Average interest rate	Amount out-standing	Average interest rate	Amount out-standing	Average interest rate
	$(millions)	%	$(millions)	%	$(millions)	%	$(millions)	%	$(millions)	%	$(millions)	%	$(millions)	%
2014	486,313	2.85	152,990	0.96	6,327	0.72			2,290	0.08	746	0.46	648,666	2.37
2013	477,738	3.03	180,689	1.03	7,481	0.76			2,103	0.13			668,011	2.45
2012	456,784	3.30	163,221	0.99	8,922	0.81	11	9.37	2,071	0.07			631,009	2.65
2011	421,736	3.55	162,980	1.12	10,141	1.10	27	9.69	1,972	0.15			596,856	2.83
2010	373,752	3.85	175,849	0.40	11,855	1.32	452	11.19	2,453	0.13			564,361	2.71

Note: The interest rate in effect at March 31 is used where various rates of interest are applicable.

Table 6.9 shows the average high and low yields of Treasury bills, at tender, together with the average yield on the latest issues for the years 2009-2010 to 2013-2014 inclusively.

Table 6.9

Treasury Bills Average Yields at Tender

	High	Low	Last issue
Year ended March 31	%	%	%
Three-month bills			
2014	1.02	0.83	0.88
2013	1.04	0.89	0.98
2012	0.98	0.82	0.93
2011	1.01	0.29	0.92
2010	0.42	0.17	0.23
Six-month bills			
2014	1.06	0.87	0.91
2013	1.12	0.94	1.01
2012	1.14	0.88	1.02
2011	1.17	0.47	1.08
2010	0.52	0.26	0.35
364 days bills			
2014	1.13	0.94	0.96
2013	1.26	0.96	1.04
2012	1.47	0.85	1.10
2011	1.46	0.95	1.34
2010	0.77	0.46	0.77
Other bills			
2014	1.04	0.77	0.81
2013	1.07	0.93	0.98
2012	1.00	0.82	0.97
2011	0.99	0.17	0.97
2010	0.25	0.18	0.24

Maturity of Government Debt

Table 6.10 presents total market debt arranged in order of maturity.

Table 6.10
Maturity of Government Debt

	Marketable bonds		Treasury bills		Retail debt		Canada bills		Medium-term notes		Total market debt	
	Amount	Average interest rate	Amount	Average interest rate	Amount	Average interest rate	Amount	Average interest rate	Amount	Average interest rate	Amount	Average interest rate
	$(millions)	%	$(millions)	%	$(millions)	%	$(millions)	%	$(millions)	%	$(millions)	%
2015	66,229	2.00	153,000	0.96	450	0.71	2,290	0.08			221,969	1.26
2016	77,475	2.10			1,186	0.72					78,661	2.08
2017	67,211	2.01			1,152	0.64			442	0.16	68,805	1.98
2018	30,743	2.26			714	0.57					31,457	2.22
2019	34,357	2.37			1,142	0.88					35,499	2.32
2020/24	83,285	3.34			1,683	0.74			304	0.90	85,272	3.28
2025/29	25,191	4.57									25,191	4.57
2030/34	32,060	5.32									32,060	5.32
2035/39	20,676	4.32									20,676	4.32
2040/44	23,048	3.37									23,048	3.37
2045/49	25,697	2.77									25,697	2.77
	485,972	2.85	153,000	0.96	6,327	0.72	2,290	0.08	746	0.46	648,335	2.37
Less: Government's holdings and consolidation adjustment [1]	(341)	8.43	10								(331)	8.43
Total	486,313	2.85	152,990	0.96	6,327	0.72	2,290	0.08	746	0.46	648,666	2.37

Note: This table includes unmatured debt issued by the Government of Canada. Borrowings of agent enterprise Crown corporations which are unconditional obligations of the Government, but not included in unmatured debt, can be found in Table 6.11.

[1] Includes government's holdings and securities held for the retirement of unmatured debt (Marketable bonds - $60 million with an average interest rate of 8.43 percent) and consolidation adjustments.

Statement of all Borrowing Transactions on behalf of Her Majesty

Table 6.11 presents information on the Government's borrowing transactions. Included in this table are borrowings by the Government for general purposes and borrowings by agent enterprise Crown corporations. Borrowings by non-agent enterprise Crown corporations and other government business enterprises are not included because such borrowings are not on behalf of Her Majesty.

Table 6.11
Statement of all Borrowing Transactions on behalf of Her Majesty

(in millions of dollars)

	April 1/2013	Issues/ Borrowings	Retirements	March 31/2014
	Restated [1]			
Market debt of the Government of Canada [2]	668,011	523,479	542,824	648,666
Cross-currency swap revaluation	(3,419)		(5,745)	2,326
Unamortized discounts and premiums on market debt [2]	3,231	3,432	3,479	3,184
Obligation related to capital leases [2]	3,647	279	323	3,603
Other unmatured debt	917	262		1,179
	672,387	*527,452*	*540,881*	*658,958*
Borrowings of enterprise Crown corporations designated as agents of Her Majesty	243,581	73,787	72,145	245,223
Total	915,968	601,239	613,026	904,181

[1] Certain comparative figures have been restated. Details on the restatement can be found in Note2, Section 2 of this volume.

[2] Details can be found in this section.

Obligation related to capital leases

A capital lease is a lease that transfers substantially all the benefits and risks inherent in ownership of the asset to the lessee. The net obligation related to capital leases represents the present values of the remaining minimum lease payments under the capital lease arrangements.

Table 6.12 presents the obligation related to capital lease agreements by asset type.

Table 6.12
Obligation related to capital leases

	April 1/2013	Net changes	March 31/2014
	$	$	$
Land	7,067,022	(730,189)	6,336,833
Buildings	2,580,368,075	57,018,149	2,637,386,224
Works and infrastructure	569,451,517	(19,248,682)	550,202,835
Machinery and equipment	104,954,447	(30,569,300)	74,385,147
Vehicles	384,778,726	(50,420,562)	334,358,164
Total	3,646,619,787	(43,950,584)	3,602,669,203

Capital Leases

Table 6.13 provides details of obligation under capital lease arrangements.

Table 6.13
Details of obligation related to capital leases

(in thousands of dollars)

				Balances at March 31, 2014		
	Inception date	Lease term in years	Discount rate (%) [1]	Total estimated remaining minimum lease payments	Less: imputed interest using the discount rate	Net obligations under capital lease arrangements
Environment —						
Department —						
Carleton University, Ottawa - National Wildlife Research Centre	May 2002	25	5.63	16,900	5,139	11,761
Parks Canada Agency —						
Greenwich Interpretation Multipurpose Centre	March 2001	24	6.30	4,328	1,191	3,137
Rocky Mountains Co-operative Housing Association	Nov 2001	18	6.30	812	132	680
Other capital leases less than $1,000,000				16	2	14
				5,156	*1,325*	*3,831*
National Defence —						
Edmonton Armoury - North	Dec 2000	20	5.62	9,431	1,580	7,851
Edmonton Armoury - South	May 2001	20	6.07	15,090	2,841	12,249
Longue Pointe Supply Depot	Nov 1994	35	7.64	52,706	21,944	30,762
Milit-Air (NFTC)	Oct 2003	17	5.87	46,792	8,353	38,439
Milit-Air (NFTC)	Dec 1999	20	5.78	345,986	53,151	292,835
Montfort Hospital, Ottawa - Health Services	Oct 2003	17	5.26	50,878	10,495	40,383
Shawinigan Armoury	May 1999	20	5.46	2,855	369	2,486
				523,738	*98,733*	*425,005*

Table 6.13

Details of obligation related to capital leases — *Continued*

(in thousands of dollars)

	Inception date	Lease term in years	Discount rate (%)[1]	Balances at March 31, 2014 Total estimated remaining minimum lease payments	Balances at March 31, 2014 Less: imputed interest using the discount rate	Balances at March 31, 2014 Net obligations under capital lease arrangements
Natural Resources —						
183 Longwood Drive, Hamilton	Nov 2010	25	3.45	101,985	30,173	71,812
Parliament —						
House of Commons —						
Speed Master - Heidelberg	Feb 2011	5	5.25	766	39	727
Other capital leases less than $1,000,000				962	41	921
				1,728	*80*	*1,648*
Public Safety and Emergency Preparedness						
Royal Canadian Mounted Police —						
RCMP Detachment, Cornwall	Aug 2009	25	5.54	23,398	9,403	13,995
Other capital leases less than $1,000,000				1,228	493	735
				24,626	*9,896*	*14,730*
Public Works and Government Services —						
Department —						
1 Arctic Road, Inuvik	March 2008	10	10.73	686	130	556
101 Frederick Street, Kitchener (Lease 1 of 2)	July 2010	5	2.98	271	5	266
101 Frederick Street, Kitchener (Lease 2 of 2)	July 2010	5	7.66	531	26	505
110 O'Connor Street, Ottawa (Lease 1 of 6)	April 2009	10	5.70	2,889	381	2,508
110 O'Connor Street, Ottawa (Lease 2 of 6)	April 2009	10	5.43	2,836	357	2,479
110 O'Connor Street, Ottawa (Lease 3 of 6)	Dec 2009	10	5.43	5,354	754	4,600
110 O'Connor Street, Ottawa (Lease 4 of 6)	Dec 2009	10	5.43	3,970	559	3,411
110 O'Connor Street, Ottawa (Lease 5 of 6)	Dec 2009	10	5.43	2,073	292	1,781
110 O'Connor Street, Ottawa (Lease 6 of 6)	April 2010	10	4.37	1,172	136	1,036
1104 Ikaluktuutiak Drive, Iqaluit	Nov 2011	10	2.60	4,864	454	4,410
1164 Devonshire Avenue, North Bay	April 2011	10	3.67	1,365	163	1,202
117 Glencoe Drive, Mount Pearl	Aug 2009	10	3.57	2,005	182	1,823
1200 Commissioners Road East, London	Dec 2012	10	9.02	3,250	1,008	2,242
1300 Bath Road, Kingston	Feb 2012	10	2.20	969	80	889
1363 Fourth Avenue, Prince George	Dec 2010	10	6.84	1,166	232	934
139 Douglastown Boulevard, Miramichi	Oct 2012	10	1.95	3,990	316	3,674
1431 Merivale Road, Ottawa	Oct 2007	10	8.22	1,838	245	1,593
144 Millennium Drive, Quispamsis	Nov 2011	15	8.74	1,612	636	976
1484 Centennial Drive, Kingston	Oct 2006	10	18.24	1,332	261	1,071
1550 Estimauville Avenue, Quebec	Nov 2011	20	8.24	76,726	36,275	40,451
159 Cleopatra Drive, Ottawa	March 2011	10	1.33	3,880	175	3,705
1600 Star Top Road, Ottawa	July 2004	15	7.15	16,061	2,704	13,357
1620 Dickson Avenue, Kelowna	April 2006	10	4.38	699	31	668
165 Edgecomb Drive, Charlottetown	Aug 2012	15	8.65	2,038	831	1,207
1725 Woodward Drive, Ottawa (Lease 1 of 2)	Dec 2009	10	8.94	2,543	554	1,989
1725 Woodward Drive, Ottawa (Lease 2 of 2)	Dec 2009	10	8.55	2,349	492	1,857
179 3rd Avenue, Timmins	Feb 2010	10	8.69	4,462	971	3,491
1801 Hollis and Duke, Halifax	Oct 2009	10	3.89	2,682	275	2,407
181 Queen Street, Ottawa	March 2004	20	10.65	36,851	14,340	22,511
1925 McCallum Road, Abbotsford	Nov 2008	15	4.30	4,055	771	3,284
200 John Street West, Oshawa	Nov 2009	10	7.16	1,552	276	1,276
215-219 George Street, Peterborough	April 2012	10	4.48	1,388	230	1,158
22 de Varennes Street, Gatineau	Nov 2007	10	10.97	2,221	392	1,829
22 Eddy Street, Gatineau	May 2013	25	7.89	287,040	159,586	127,454
220 Fortin Street, Quebec	Dec 2007	10	15.65	865	210	655
2250 St-Olivier Street, Trois-Rivières	Sept 2012	10	9.03	3,018	909	2,109
2455 Don Reid Drive, Ottawa	Dec 2009	15	7.71	3,291	1,052	2,239
2525 Dixie Road, Mississauga	Oct 2009	5	6.67	206	4	202
2655 Lancaster Road, Ottawa (Lease 1 of 2)	Feb 2009	8	3.94	562	31	531
2655 Lancaster Road, Ottawa (Lease 2 of 2)	July 2009	8	4.66	494	32	462
269 Laurier Avenue, Ottawa	Sept 2005	15	4.18	37,487	4,657	32,830
275 De Baets Street, Winnipeg	Feb 2007	10	17.42	792	170	622

Table 6.13

Details of obligation related to capital leases — *Continued*

(in thousands of dollars)

				Balances at March 31, 2014		
	Inception date	Lease term in years	Discount rate (%) [1]	Total estimated remaining minimum lease payments	Less: imputed interest using the discount rate	Net obligations under capital lease arrangements
2920 Highway 104, Antigonish	Feb 2006	10	7.76	300	21	279
295 Belliveau Avenue, Shediac	Jan 2007	15	7.93	3,012	774	2,238
3 Lower Malpeque Road, Charlottetown	June 2008	10	4.19	588	49	539
30 Victoria Street, Gatineau	June 2013	25	7.89	288,015	160,425	127,590
301 Bishop Drive, Fredericton	Feb 2014	15	5.30	2,684	828	1,856
3020 Hawthorne Road, Ottawa	Dec 2012	15	2.27	7,774	1,096	6,678
3085 Glen Erin Drive, Mississauga (Lease 1 of 2)	Aug 2010	7	7.28	950	109	841
3085 Glen Erin Drive, Mississauga (Lease 2 of 2)	Nov 2010	10	5.74	1,896	320	1,576
325 Broadway Avenue, Winnipeg	Jan 2008	10	10.37	5,218	910	4,308
3299 Industriel Boulevard, Sherbrooke	Nov 2009	10	6.24	1,105	175	930
351 Saint-Joseph Boulevard, Gatineau (Lease 1 of 2)	Aug 2011	25	5.28	80,438	33,249	47,189
351 Saint-Joseph Boulevard, Gatineau (Lease 2 of 2)	Dec 2011	25	7.33	20,735	10,604	10,131
360 George Street North, Peterborough	April 2012	10	8.70	1,813	510	1,303
3600 Lysander Lane, Richmond	March 2010	10	0.43	2,322	30	2,292
395 Terminal Avenue, Ottawa	Jan 2013	15	2.67	61,250	10,040	51,210
400 City Hall Square East, Windsor	Jan 2006	10	9.89	1,210	103	1,107
4110 Wellington Street, Verdun	June 2012	10	7.20	1,325	319	1,006
419 Kensington Avenue, Estevan	Oct 2011	10	2.87	976	99	877
444 Fifth Street, Shawinigan	Dec 2011	10	8.50	2,448	654	1,794
455 de la Carrière Boulevard, Gatineau	Nov 2012	25	6.86	214,460	110,320	104,140
485 Bishop Drive, Fredericton	Dec 2011	15	6.16	1,446	444	1,002
4901-05 46th Street, Red Deer	Aug 2011	10	3.11	1,879	201	1,678
5019, 52nd Street, Yellowknife	Feb 2011	10	2.54	1,456	121	1,335
520 Exmouth Street, Sarnia	Dec 2006	10	4.08	1,427	77	1,350
522 Main Street, Shediac	April 2012	10	2.34	2,850	253	2,597
555 McAllister Drive, Saint John	Nov 2007	10	8.16	2,286	310	1,976
559 College Street, Toronto	July 2012	10	2.24	2,644	224	2,420
635 8th Avenue South West, Calgary	July 2009	10	3.55	5,725	511	5,214
65 John Savage Avenue, Dartmouth	Oct 2004	10	5.93	209	4	205
6500 Trans-Canada Highway, Pointe-Claire	Sept 2012	10	1.95	1,047	82	965
6503 67th Street, Red Deer	Sept 2009	10	4.81	710	86	624
667 Notre-Dame Street, Repentigny	April 2013	10	2.01	1,324	114	1,210
6th & 2nd Building, Edmonton	Sept 2009	5	3.49	122	1	121
78 Richmond Street West, Oshawa	July 2009	5	9.75	303	6	297
8 Colonnade Road, Ottawa	May 2007	10	5.91	898	79	819
8 Oakes Avenue, Kirkland Lake	April 2012	10	6.93	6,888	1,611	5,277
8 Queen Street East, Sault Ste Marie	June 2010	10	4.95	1,801	252	1,549
81 Kingmingya Road, Inuvik	Jan 2011	10	7.35	1,031	220	811
81 Mulcaster Street, Barrie	Sept 2012	15	12.99	7,474	3,944	3,530
825-827 Fort Street, Victoria	Oct 2011	10	2.66	1,432	135	1,297
859 Main Street, Moncton	July 2008	10	5.49	823	90	733
933 Mivvik Street, Iqualuit (Lease 1 of 2)	June 2013	10	2.19	4,758	451	4,307
934 Mivvik Street, Iqualuit (Lease 2 of 2)	Sept 2013	10	2.72	3,370	400	2,970
985 McGill Place, Kamloops	June 2002	15	13.50	972	185	787
98-100 Racine Street East, Saguenay	June 2011	9	5.36	1,240	208	1,032
Admiral Building, Ottawa	Aug 2009	15	11.51	1,806	774	1,032
Albion Executive Tower, Ottawa	Dec 2009	10	6.80	1,820	313	1,507
Anderson Building, Selkirk	Jan 2012	10	2.18	977	77	900
Barker House, Fredericton	April 2010	10	2.82	2,178	178	2,000
Bell Canada Place, Ottawa	May 2003	15	10.88	3,856	753	3,103
Bonaventure Place, Montreal	May 2005	10	16.43	954	85	869
Broad Street Crossing, Regina (Lease 1 of 2)	May 2008	10	4.88	890	85	805
Broad Street Crossing, Regina (Lease 2 of 2)	May 2008	10	9.77	689	123	566
Canada Building, Ottawa	April 2007	10	4.27	2,166	136	2,030
Canada Place Building, Edmonton	Oct 2007	25	4.44	351,878	118,093	233,785
Canada Post Place, Ottawa	Dec 2004	15	4.91	17,394	2,237	15,157
Cargill Building, Winnipeg	July 2008	10	7.38	4,887	703	4,184
Carling Square, Tower I, Ottawa	Oct 2007	10	11.76	2,905	533	2,372
Carling Square, Tower II, Ottawa	Dec 2007	10	7.83	4,936	658	4,278
Centennial House, Winnipeg	April 2008	10	4.69	2,124	191	1,933

Table 6.13

Details of obligation related to capital leases — *Continued*

(in thousands of dollars)

				Balances at March 31, 2014		
	Inception date	Lease term in years	Discount rate (%) [1]	Total estimated remaining minimum lease payments	Less: imputed interest using the discount rate	Net obligations under capital lease arrangements
Chahko Mika Mall, Nelson	Nov 2011	10	7.89	2,156	537	1,619
Chebucto Place, Halifax	May 2011	10	3.45	1,478	172	1,306
Chief Joseph Big Plume Building, Sarcee	Jan 2011	10	5.93	3,048	541	2,507
City Place, Winnipeg (Lease 1 of 2)	Nov 2008	10	9.16	1,393	259	1,134
City Place, Winnipeg (Lease 2 of 2)	April 2009	10	7.04	2,779	442	2,337
Coast Guard Base, Mount Pearl	Feb 2011	8	2.21	1,273	67	1,206
Colonnade Warehouse, Nepean	April 2007	10	7.80	616	68	548
Commodity Exchange & Winnipeg Square, Winnipeg (Lease 1 of 2)	Jan 2009	9	9.61	2,929	478	2,451
Commodity Exchange & Winnipeg Square, Winnipeg (Lease 2 of 2)	Jan 2009	9	9.74	2,089	345	1,744
Crowsnest Trail Plaza, Lethbridge	July 2008	10	5.83	779	90	689
de La Cité Place, Gatineau	Dec 2003	15	9.78	18,219	3,636	14,583
Des Explorateurs Place, Gatineau	Oct 2008	10	4.68	1,438	144	1,294
Fontaine Building, Gatineau	Jan 2008	15	5.82	28,989	6,319	22,670
Fraser Building, Ottawa	Feb 2010	10	3.24	2,672	240	2,432
Frederick Square, Fredericton	Dec 2011	10	2.31	1,013	85	928
Galeries Laurentides, Saint-Jérôme	June 2007	10	15.13	780	163	617
Glencoe Building, Mount Pearl	Dec 2007	10	10.74	1,441	254	1,187
Guy Favreau Complex, Montreal	Jan 2004	15	5.84	62,373	11,282	51,091
Harry Hays Building, Calgary	Oct 2007	25	4.44	348,369	116,940	231,429
Hérelle Place, Longueuil	Sept 2012	10	8.98	1,279	384	895
Heritage Court, Moncton	July 2013	15	5.48	6,545	2,009	4,536
Historic Properties, Halifax	Jan 2006	10	8.18	716	51	665
I.C.A.O., Montreal	Nov 1996	20	9.94	52,270	8,783	43,487
Iberville IV Tower, Sainte-Foy	April 2005	10	4.68	177	4	173
Jean Edmonds Tower North, Ottawa	Jan 2005	10	4.53	6,802	127	6,675
Joseph Shepard Building, Toronto	Oct 2007	25	4.44	240,867	80,860	160,007
Judicial Complex, Toronto	April 2006	20	11.40	72,814	34,660	38,154
Kamotiq Building, Nunavut	April 2011	10	5.10	3,937	631	3,306
Kent Square Building, Ottawa	Oct 2007	10	4.52	2,248	172	2,076
Laurier Place, Ottawa	May 2009	10	5.51	2,288	296	1,992
Library Square (Block 56), Vancouver	May 1995	25	9.68	40,557	9,994	30,563
Lionel Chevrier Building, Cornwall	Dec 2004	15	6.07	4,483	698	3,785
Louis St-Laurent Building, Gatineau	Nov 2001	15	6.38	29,610	3,140	26,470
Maritime Centre, Halifax (Lease 1 of 3)	Oct 2006	10	10.41	516	63	453
Maritime Centre, Halifax (Lease 2 of 3)	Jan 2010	15	6.26	17,252	4,784	12,468
Maritime Centre, Halifax (Lease 3 of 3)	Jan 2010	15	5.78	1,790	465	1,325
Megasys Phase II, Calgary	Feb 2008	10	4.79	3,485	357	3,128
Mercury Centre, Ottawa	Jan 2007	25	4.50	115,397	36,045	79,352
Mews Place, St. John's	Oct 2011	10	2.37	2,712	232	2,480
Midwest Surveys Building, Calgary	April 2007	10	17.88	2,003	462	1,541
Montcalm Place, Phase III, Gatineau	Dec 2003	15	8.65	18,991	3,411	15,580
Montcalm Place, Tower II, Gatineau	April 2012	15	2.64	23,426	3,615	19,811
Morgan Building, Clarenville	May 2013	10	6.27	1,308	313	995
Narono Building, Ottawa	Feb 2008	10	4.61	1,015	86	929
Nova Plaza, Yellowknife (Lease 1 of 2)	April 2009	10	6.00	2,186	302	1,884
Nova Plaza, Yellowknife (Lease 2 of 2)	April 2010	10	10.21	1,185	301	884
Parks Canada Building, Dartmouth	July 2009	20	7.61	4,134	1,691	2,443
Queen Square, Dartmouth	Sept 2011	10	3.18	9,893	1,092	8,801
RCMP Building, Montreal	Oct 2007	25	4.44	60,469	20,365	40,104
Revenu Canada Building, Montreal	Oct 2007	25	4.44	123,153	41,358	81,795
Roper Ridge Business Park, Edmonton	Nov 2008	10	6.43	4,161	570	3,591
Rosdev de Ville, Gatineau	June 2007	10	4.58	11,709	829	10,880
Royal Centre, New Westminster (Lease 1 of 2)	Nov 2008	10	11.22	1,330	294	1,036
Royal Centre, New Westminster (Lease 2 of 2)	March 2011	9	5.96	963	164	799
Samuel-Holland Complex, Quebec	July 2011	10	3.13	1,083	115	968
Sixty Queen Building, Ottawa (Lease 1 of 2)	July 2008	10	3.94	1,186	89	1,097
Sixty Queen Building, Ottawa (Lease 2 of 2)	May 2009	9	0.32	3,396	22	3,374
Sixty-Six Slater Building, Ottawa (Lease 1 of 2)	April 2009	10	4.95	3,060	354	2,706

Table 6.13

Details of obligation related to capital leases — *Concluded*

(in thousands of dollars)

				Balances at March 31, 2014		
	Inception date	Lease term in years	Discount rate (%) [1]	Total estimated remaining minimum lease payments	Less: imputed interest using the discount rate	Net obligations under capital lease arrangements
Sixty-Six Slater Building, Ottawa (Lease 2 of 2)	Sept 2010	10	5.53	1,339	214	1,125
Skyline Complex, Ottawa	Oct 2007	25	4.44	272,353	91,559	180,794
Smith Building, St. John's	July 2009	10	7.08	2,470	412	2,058
Stock Exchange Tower, Montreal	April 2012	10	3.36	1,320	164	1,156
The Baker Center Building, Edmonton	Dec 2007	10	4.45	671	53	618
The Inuksugait Plaza, Iqaluit	Oct 2006	10	14.28	549	89	460
The New Two Seventy Building, Ottawa	June 2007	10	4.58	3,709	262	3,447
Thomas D'Arcy McGee Building, Ottawa	Oct 2007	25	4.44	212,529	71,301	141,228
Time Square Building, Ottawa	Oct 2010	10	4.76	4,383	620	3,763
Trebla Building, Ottawa (Lease 1 of 2)	April 2009	10	9.46	5,457	1,123	4,334
Trebla Building, Ottawa (Lease 2 of 2)	April 2009	10	2.73	576	38	538
Trusco Building, Ottawa	Sept 2006	20	4.28	86,252	19,436	66,816
VAC Records Management Centre, Charlottetown	Nov 2007	15	13.43	2,831	1,156	1,675
Vanguard Building, Ottawa	Nov 2007	10	4.80	1,706	142	1,564
Vault Building, Lethbridge	April 2008	10	6.18	806	94	712
Waldron Building, Yellowknife	Aug 2007	10	12.22	848	155	693
Woodward's Abbott Building, Vancouver	Jan 2010	15	5.35	5,013	1,219	3,794
Other capital leases less than $1,000,000				67,977	15,640	52,337
				3,720,548	*1,301,695*	*2,418,853*
Shared Services Canada —						
IBM-Enterprise Class Z196 Server, model 2817 - M32 CPC1 for DCH (AMR 9-59)	Oct 2011	4	1.20	3,363	28	3,335
IBM-Enterprise Class Z196 Server, model 2817- M32 CPC2 for DCH (AMR 9-60)	Oct 2011	4	1.20	2,356	20	2,336
IBM-Enterprise Class Z196 Server, model 2817- M32 CPC7 for DCH (AMR 9-62)	Oct 2011	4	1.20	2,300	19	2,281
IBM-Enterprise Class Z196 Server, model 2817- M32 CPC8 for DCH (AMR 9-63)	Oct 2011	4	1.20	2,096	18	2,078
IBM-Enterprise Class Z196 Server, M49 CPC9 for DCH (AMR 9-61)	Oct 2011	4	1.20	1,430	12	1,418
Supercomputer Meteorological Service of Canada	April 2012	3	1.30	18,020	155	17,865
				29,565	*252*	*29,313*
Transport —						
Confederation Bridge, Borden-Carleton	May 1997	35	6.16	1,213,131	662,928	550,203
Other departments —						
Capital leases less than $1,000,000				856	24	832
				5,638,233	2,110,245	3,527,988
Consolidated Crown corporations and other entities —						
Canadian Broadcasting Corporation —						
HD3 Mobile	Jan 2011	5	2.95	3,171	87	3,084
Telesat	Feb 2001	17	6.80	46,114	5,637	40,477
Office equipment lease	Oct 2012	5	2.97	1,952	94	1,858
				51,237	*5,818*	*45,419*
Canadian Museum of Nature —						
Natural Heritage Building, Gatineau, Que	Sept 1996	35	9.88	61,250	32,248	29,002
Canadian Race Relations Foundation —						
Capital leases less than $1,000,000				2		2
Defence Construction (1951) Limited —						
Capital leases less than $1,000,000				274	19	255
Sustainable Development Technology Canada —						
Capital leases less than $1,000,000				3		3
				112,766	38,085	74,681
Total				5,750,999	2,148,330	3,602,669

[1] For lessors and lessees, the financing rate of a lease agreement is subject to change over the term of lease.

Minimum lease payments related to capital leases

Table 6.14 presents upcoming minimum leases payments for the next five years by ministry.

Table 6.14
Minimum lease payments related to capital leases

(in thousands of dollars)

	Payments due by March 31						
	2015	2016	2017	2018	2019	2020 and subsequently	Total
Environment —							
Department —							
Remaining payments	1,300	1,300	1,300	1,300	1,300	10,400	16,900
Imputed interest	662	626	589	548	506	2,208	5,139
	638	*674*	*711*	*752*	*794*	*8,192*	*11,761*
Parks Canada Agency —							
Remaining payments	544	544	544	544	544	2,436	5,156
Imputed interest	232	211	190	167	142	383	1,325
	312	*333*	*354*	*377*	*402*	*2,053*	*3,831*
National Defence —							
Remaining payments	82,165	82,106	82,042	81,972	81,864	113,589	523,738
Imputed interest	23,594	20,182	16,572	12,754	8,715	16,916	98,733
	58,571	*61,924*	*65,470*	*69,218*	*73,149*	*96,673*	*425,005*
Natural Resources —							
Remaining payments	4,718	4,718	4,718	4,718	4,718	78,394	101,984
Imputed interest	2,442	2,362	2,279	2,194	2,105	18,790	30,172
	2,276	*2,356*	*2,439*	*2,524*	*2,613*	*59,604*	*71,812*
Parliament —							
House of Commons —							
Remaining payments	969	759					1,728
Imputed interest	63	17					80
	906	*742*					*1,648*
Public Safety and Emergency Preparedness —							
Royal Canadian Mounted Police —							
Remaining payments	1,206	1,206	1,206	1,206	1,206	18,596	24,626
Imputed interest	806	783	759	734	707	6,107	9,896
	400	*423*	*447*	*472*	*499*	*12,489*	*14,730*
Public Works and Government Services —							
Department —							
Remaining payments	282,492	271,353	296,853	240,655	255,220	2,373,975	3,720,548
Imputed interest	133,476	124,058	113,066	102,786	94,177	734,132	1,301,695
	149,016	*147,295*	*183,787*	*137,869*	*161,043*	*1,639,843*	*2,418,853*
Shared Services Canada —							
Remaining payments	20,417	9,148					29,565
Imputed interest	231	21					252
	20,186	*9,127*					*29,313*
Transport —							
Remaining payments	61,733	59,257	60,152	61,061	61,983	908,945	1,213,131
Imputed interest	41,608	38,216	38,153	38,060	37,935	468,956	662,928
	20,125	*21,041*	*21,999*	*23,001*	*24,048*	*439,989*	*550,203*
Other departments —							
Remaining payments	335	223	198	98	2		856
Imputed interest	12	8	4				24
	323	*215*	*194*	*98*	*2*		*832*
	252,753	244,130	275,401	234,311	262,550	2,258,843	3,527,988

Table 6.14

Minimum lease payments related to capital leases — *Concluded*

(in thousands of dollars)

	Payments due in						
	2015	2016	2017	2018	2019	2020 and subsequent years	Total
Consolidated Crown corporations and other entities —							
Canadian Broadcasting Corporation —							
Remaining payments	14,312	14,023	12,582	10,320			51,237
Imputed interest	2,570	1,847	1,114	287			5,818
	11,742	*12,176*	*11,468*	*10,033*			*45,419*
Canadian Museum of Nature —							
Remaining payments	3,500	3,500	3,500	3,500	3,500	43,750	61,250
Imputed interest	2,851	2,783	2,709	2,627	2,536	18,742	32,248
	649	*717*	*791*	*873*	*964*	*25,008*	*29,002*
Canadian Race Relations Foundation —							
Remaining payments	2						2
Imputed interest	0	0					0
	2	*(0)*					*2*
Defence Construction (1951) Limited —							
Remaining payments	120	154					274
Imputed interest	11	8					19
	109	*146*					*255*
Sustainable Development Technology Canada —							
Remaining payments	3						3
Imputed interest							
	3						*3*
	12,505	13,039	12,259	10,906	964	25,008	74,681
Total	265,258	257,169	287,660	245,217	263,514	2,283,851	3,602,669
Summary							
Remaining payments	473,816	448,291	463,095	405,374	410,337	3,550,085	5,750,998
Imputed interest	208,558	191,122	175,435	160,157	146,823	1,266,234	2,148,329
Net obligation	265,258	257,169	287,660	245,217	263,514	2,283,851	3,602,669

Pensions and Other Future Benefits

The Government has an obligation for the payment of public sector pensions and other employee and veteran future benefits it sponsors. The obligations arising from these benefit plans are measured on an actuarial basis and are presented net of pension assets and unrecognized net actuarial gain or loss in liabilities.

Public Sector Pensions

The Government sponsors a number of defined benefit pension plans covering substantially all its employees, principally members of the federal public service, the Canadian Forces, including the Reserve Force, and the Royal Canadian Mounted Police, as well as certain Public Service corporations and territorial governments. It also has obligations for several other pension plans; the two most significant ones being for Members of Parliament and federally appointed judges.

The liabilities for public sector pensions are initially recorded through pension accounts, which are generally established pursuant to legislation. The pension accounts track transactions such as contributions, interest credits, benefit payments, transfers and administrative expenses. Any adjustments required under the Government's accounting policies are then recorded through allowance for pension adjustment accounts. The allowance accounts reflect the differential between accrual and cash accounting recognized through the years, as well as accumulated difference in interest calculations and consolidation adjustments related to refundable tax amounts remitted to or refunded from the Canada Revenue Agency.

The pension plans are generally financed from employer and employee contributions or from Government and member contributions. The contributions are either part of general funds or transferred to the Public Sector Pension Investment Board (PSPIB) for investment in capital markets. Since April 1, 2000, amounts equal to contributions less benefits and other payments related to the public service, Canadian Forces – Regular Force and Royal Canadian Mounted Police pension plans, and since 2007 for the Canadian Forces – Reserve Force pension plan, that fall within the *Income Tax Act* limits are transferred to the PSPIB. The goal of the PSPIB is to maximize returns on investments without undue risk of loss, while having regard to the requirements and financial obligations of each of the pension plans. The PSPIB, a Canadian Crown corporation established by the *Public Sector Pension Investment Board Act*, reports the results of the investments in an annual report tabled in Parliament. Contributions for all the other pension plans are part of general funds.

Additional information on the above mentioned plans can be found in the annual reports of the administration of the plans tabled in Parliament.

i. Pension plans

Public Service Pension Plan, Canadian Forces Pension Plan including the *Reserve Force Pension Plan* and *Royal Canadian Mounted Police Pension Plan*

The pension plans for the public service, Canadian Forces – Regular Force and the Royal Canadian Mounted Police provide for the payment of a lifetime pension and a temporary bridge benefit payable normally until age 65, when members become eligible for the Canada Pension Plan (CPP) or Quebec Pension Plan (QPP). The annual lifetime pension is based on the average salary of five consecutive years of highest paid service and the years of pensionable service. For the Canadian Forces – Reserve Force pension plan, the annual lifetime pension is based on a percentage of indexed pensionable earnings with a temporary bridge benefit until members become eligible for the CPP or QPP, normally at age 65. Pension benefits are indexed annually on January 1 to take into account the cost of living.

Pension benefits accrue at a rate of two percent per year of pensionable service up to a maximum of 35 years, the exception being the benefits offered under the Canadian Forces – Reserve Force pension plan which accrue at 1.5 percent up to a maximum of 35 years. Pension benefits are coordinated with those of the CPP or the QPP. Pension benefits for the public service pension plan members will accrue under either Group 1 for employees who were plan members prior to January 1, 2013, or Group 2 for employees joining the public service pension plan on or after that date. The retirement age remains at the age of 60 for Group 1 members. For Group 2 members, the normal retirement age and other age related thresholds were raised from age 60 to age 65.

The contribution rates for current service for all members of the public service will increase gradually to a 50:50 cost sharing ratio with the government by 2017. Public Service Group 1 members, Canadian Forces – Regular Force and Royal Canadian Mounted Police members contribute at a different rate than public service Group 2 members. These rates are as follows:

Public service Group 1 members, Canadian Forces – Regular Force and Royal Canadian Mounted Police pension plan members contributed

- for the first nine months of the 2014 fiscal year at 6.9 percent (6.2 percent in 2013) on salary up to the Yearly Maximum Pensionable Earnings (YMPE) for the CPP or QPP and 9.2 percent (8.6 percent in 2013) on salary above the YMPE; and
- for the last three months of the 2014 fiscal year at 7.5 percent (6.9 percent in 2013) on salary up to the YMPE and 9.8 percent (9.2 percent in 2013) on salary above the YMPE.

Public service Group 2 plan members contributed

- for the first nine months of the 2014 fiscal year at 6.3 percent (not applicable in 2013) on salary up to the YMPE for the CPP or QPP and 7.6 percent (not applicable in 2013) on salary above the YMPE; and
- for the last three months of the 2014 fiscal year at 6.6 percent (6.3 percent in 2013) on salary up to the YMPE and 7.9 percent (7.6 percent in 2013) on salary above the YMPE.

Contribution rates for Group 2 members were lower than for Group 1 members due to the lower cost of the benefits related to increasing the age threshold to 65 from 60.

Members from the Canadian Forces – Reserve Force contribute at 5.2 percent up to two thirds of the YMPE.

Employer contributions are made monthly to provide for the cost (net of employee contributions) of the benefits that have accrued in respect of that month at a rate determined by the President of the Treasury Board. For 2014, the employer contribution rates were about 1.6, 2.1 and 1.8 (1.7, 2.3 and 1.9 respectively in 2013) times the current year's employee contribution for the plans under the *Public Service Superannuation Act*, the *Canadian Forces Superannuation Act* (Regular and Reserve Force pension plans) and the *Royal Canadian Mounted Police Superannuation Act*, respectively. For new members joining the public service pension plan on or after January 1, 2013, employer contributions were about 1.5 (1.6 in 2013) times the employee contribution. Although an employer contribution rate is established with respect to the Reserve Force pension plan, employer contributions for current services have been suspended since October 25, 2011, due to a non-permitted surplus.

The superannuation accounts, which record the transactions that pertain to pre April 1, 2000 service, are credited with interest at rates that are based on the Government of Canada long-term bond rate. The average interest rate credited to the superannuation accounts was approximately 5.3 percent (5.6 percent in 2013).

The pension fund accounts, which record the transactions that pertain to service since April 1, 2000, are flow through accounts used to transfer funds to the PSPIB. The balance in the pension fund accounts at year-end represents the amount awaiting transfer to the PSPIB.

The retirement compensation arrangements (RCA) accounts record transactions for those pension benefits above the pension limits set under the *Income Tax Act*. The RCA accounts are registered with the Canada Revenue Agency and a transfer is made annually between the RCA accounts and the Canada Revenue Agency, either to remit a 50 percent refundable tax in respect of the net contributions and interest credits or to receive a refund based on the net benefit payments.

Members of Parliament retiring allowances

Members of Parliament are eligible at a certain age to receive a basic allowance upon termination of membership and after having contributed to the plan for at least six years. Retirement age is set at 55 for pensionable service incurred before January 1, 2016 and at 65 for pensionable service incurred on or after January 1, 2016, with the option of reduced benefits for early retirement at age 55. The basic allowance is based on the best five years' average sessional indemnity and accrues at a rate of 3 percent of average sessional indemnities for both Members of the House of Commons and for Senators. Basic allowances are indexed annually on January 1 to the cost of living once recipients reach age 60. Pensionable service accrued on or after January 1, 2016, under the Members of Parliament pension plan will be coordinated with the CPP or QPP at age 60.

The contribution rates will increase over time to bring the plan members' share to 50 percent by January 1, 2017. For the 2014 fiscal year, plan members contributed at a rate of 8 percent (7 percent in 2013) of their salary for the first 9 months and 9 percent (8 percent in 2013) for the last three months.

The Government contributions are made monthly to provide for the cost (net of plan member contributions) of the benefits that have accrued in respect of that month at a rate determined by the President of the Treasury Board. The Government contributions, expressed as a multiple of plan member contributions, are on average as follows:

	2014	2013
Members of Parliament		
House of Commons –		
Retiring allowances account	4.7	4.9
Compensation arrangements account	5.6	7.6
The Senate –		
Retiring allowances account	3.4	3.7
Compensation arrangements account	3.3	4.6

Contributions are credited to the appropriate pension account, either the Members of Parliament Retiring Allowances Account or the Members of Parliament Retirement Compensation Arrangements Account. The pension accounts are also credited with interest at the rate of 2.5 percent per quarter before January 1, 2013 and then at the rate determined by the Chief Actuary of Canada. The average interest rate credited to the pension accounts was approximately 4.4 percent (8.9 percent in 2013).

Pension plan for federally appointed judges

This plan provides fully indexed annuities to judges and to all eligible survivors providing they meet minimum age and service requirements. The full benefit amount is generally payable when the member has completed 15 years of pensionable service and the sum of the member's age and years of service totals 80.

Judges appointed to the bench before February 17, 1975, make required contributions of 1.5 percent of salary. All other judges contribute 7 percent of salary.

Legislation does not require a specific pension account to be maintained to record the transactions pertaining to this plan. Therefore, except for the portion recorded in the Supplementary Retirement Benefit Account, the liability pertaining to this plan is recorded through an allowance account. During the year, benefits paid are recorded as expenditures against the statutory payment authority. The expense is adjusted at year-end through an allowance account, to bring the current year expense from an expenditure to an accrual accounting basis, similar to that of the other pension plans. During the year, the benefit payments charged to the expenditure authority amounted to $129 million ($121 million in 2013). At March 31, 2014, the portion of the pension liability recorded through an allowance account for the judges' pension plan amounted to $2,203 million ($2,107 million in 2013).

ii. Actuarial valuations

As required under the *Public Pensions Reporting Act*, actuarial valuations are performed at least every three years for funding purposes. The actuarial valuations are performed by the Office of the Chief Actuary, submitted to the President of the Treasury Board and tabled in Parliament.

The most recent date for the actuarial valuation of each pension plan is as follows:

Public Service – March 31, 2011, with an update as of January 1, 2013 to reflect the pension changes from the *Jobs and Growth Act, 2012*;

Canadian Forces – Regular Force – March 31, 2013;

Canadian Forces – Reserve Force – March 31, 2010;

Royal Canadian Mounted Police – March 31, 2012;

Members of Parliament – March 31, 2013;

Federally appointed judges – March 31, 2013.

The actuarial valuations for the public service, Canadian Forces, Royal Canadian Mounted Police and Members of Parliament pension plans include the valuation of the Retirement Compensation Arrangements (RCA) component related to each plan.

These funding valuations provide the Government with recommendations for setting both employer and employee contribution rates, as well as any actuarial adjustment to amortize deficiencies or excesses. These actuarial adjustments are made in equal instalments over a period not exceeding fifteen years commencing in the year in which the actuarial report is laid before Parliament. To address deficiencies, an actuarial adjustment of $435 million ($435 million in 2013) was credited in the Public Service Pension Fund Account, $249 million ($429 million in 2013) in the Canadian Forces Pension Fund Account, $12 million (nil in 2013) in the Royal Canadian Mounted Police Superannuation Account, $74 million ($57 in 2013) in the Royal Canadian Mounted Police Pension Fund Account and $8 million ($8 million in 2013) in the Retirement Compensation Arrangements (RCA) Account No. 2. To address excesses, an actuarial adjutment of $280 million (nil in 2013) was debited in the Members of Parliament Retiring Allowances Account and $30 million (nil in 2013) in the Members of Parliament Retirement Compensation Arrangements Account. The actuarial adjustments recorded in pension fund accounts are transferred to the PSPIB for investment in capital markets.

Table 6.15 presents a summary of the balances and transactions for public sector pension plan liabilities. Receipts and other credits for the pension accounts consist of contributions from plan members, the Government of Canada, participating Public Service corporations and territorial governments, as well as transfers from other pension funds, actuarial adjustments to amortize deficiencies, refunds of refundable tax and interest.

Payments and other charges for the pension accounts consist of annuity payments, minimum benefits, cash termination allowances (lump sum payments to employees suffering a disability), returns of contributions, pension division payments, transfer value payments, transfers to other funds, remittances of refundable tax, payments of administrative expenses, actuarial adjustments to amortize excesses and transfers to PSPIB.

Adjustments to the allowance accounts result from the differential with annual actuarial valuations performed for accounting purposes such as differences between benefits earned and contributions and interest calculations, as well as from other adjustments required under the Government's accounting policies such as recognition of actuarial gains and losses and consolidation adjustments related to refundable tax amounts.

Funded pension plans relate to post March 2000 service that falls within the *Income Tax Act* limits for the three main public sector pension plans and all service for the Canadian Force – Reserve Force pension plan, as funds are invested in capital markets through the PSPIB. Unfunded pension plans relate to pre April 2000 service and post March 2000 service that falls above the *Income Tax Act* limits for the three main public sector pension plans and all service periods for the pension plans of the federally appointed judges and Members of Parliament, as separate market invested funds are not maintained.

Table 6.15

Public Sector Pensions

(in millions of dollars)

	April 1/2013	Receipts and other credits	Payments and other charges	March 31/2014
Funded pension plans				
Public Service Pension Fund Account, Table 6.18	551	5,066	5,117	500
Allowance for pension adjustments	3,405	782	435	3,752
	3,956	*5,848*	*5,552*	*4,252*
Canadian Forces Pension Fund Account, Table 6.20	276	1,509	1,522	263
Allowance for pension adjustments	879	400	249	1,030
	1,155	*1,909*	*1,771*	*1,293*
Reserve Force Pension Fund Account, Table 6.21	13	40	51	2
Allowance for pension adjustments	231	26	9	248
	244	*66*	*60*	*250*
Royal Canadian Mounted Police Pension Fund Account, Table 6.23	69	524	582	11
Allowance for pension adjustments	334	80	74	340
	403	*604*	*656*	*351*
Total pension fund accounts	909	7,139	7,272	776
Total allowance for pension adjustments	4,849	1,288	767	5,370
Total funded pension plans	5,758	8,427	8,039	6,146
Unfunded pension plans				
Public Service Superannuation Account, Table 6.17	96,648	5,101	5,325	96,424
Allowance for pension adjustments	(10,353)	842	179	(9,690)
	86,295	*5,943*	*5,504*	*86,734*
Canadian Forces Superannuation Account, Table 6.19	46,357	2,434	2,494	46,297
Allowance for pension adjustments	(5,370)	355	75	(5,090)
	40,987	*2,789*	*2,569*	*41,207*
Royal Canadian Mounted Police Superannuation Account, Table 6.22	13,125	703	643	13,185
Allowance for pension adjustments	(1,384)	82	24	(1,326)
	11,741	*785*	*667*	*11,859*
Members of Parliament Retiring Allowances Account, Table 6.24	756	47	306	497
Allowance for pension adjustments	(333)	284	24	(73)
	423	*331*	*330*	*424*
Members of Parliament Retirement Compensation Arrangements Account, Table 6.25	244	33	53	224
Allowance for pension adjustments	169	41	6	204
	413	*74*	*59*	*428*
Retirement Compensation Arrangements (RCA) Account, Table 6.26	2,086	281	213	2,154
Allowance for pension adjustments	1,670	117	55	1,732
	3,756	*398*	*268*	*3,886*
Supplementary Retirement Benefits Account (Judges), Table 6.27	187	9		196
Allowance for pension adjustments	2,107	103	7	2,203
	2,294	*112*	*7*	*2,399*
Supplementary Retirement Benefits Account (Others), Table 6.27				
Total superannuation accounts	159,403	8,608	9,034	158,977
Total allowance for pension adjustments	(13,494)	1,824	370	(12,040)
Total unfunded pension plans	145,909	10,432	9,404	146,937
Total reported in the Consolidated Statement of Financial Position	151,667	18,859	17,443	153,083

Table 6.16 presents a summary of transactions in public sector pensions that resulted in charges to expenses. Interest is calculated based on the accrued pension obligations under the various plans. The net interest expense represents the interest credited to the superannuation accounts in accordance with the pension legislation, shown net of a provision of $3,844 million ($3,976 million in 2013) and of $3,486 million ($3,602 million in 2013) in expected return on pension investments.

Table 6.16

Summary of Transactions in Public Sector Pensions that Resulted in Charges to Expenditures

(in millions of dollars)

	2013-2014									2012-2013	
	Government contributions	Statutory payments	Adjustment	Net benefits earned	Actuarial adjustments [1]	Less costs recorded in previous years [2]	Actuarial losses (gains) recognized	Pension expense	Net interest expense	Pension expense	Net interest expense
Funded pension plans —											
Public Service Pension Fund Account	2,519		25	2,544	435	(435)	405	2,949	352	3,114	429
Canadian Forces Pension Fund Account	840		13	853	249	(249)	234	1,087	153	1,067	173
Reserve Force Pension Fund Account	13		19	32			(9)	23	7	20	5
Royal Canadian Mounted Police Pension Fund Account	288		4	292	74	(74)	40	332	36	338	44
Total funded pension plans	3,660		61	3,721	758	(758)	670	4,391	548	4,539	651
Unfunded pension plans —											
Public Service Superannuation Account [3]	17		(38)	(21)			842	821	4,921	748	5,155
Canadian Forces Superannuation Account	3		(6)	(3)			355	352	2,358	305	2,463
Defence Services Pension Continuation Act		4		4				4		4	
Royal Canadian Mounted Police Superannuation Account	1		(2)	(1)	12	(12)	82	81	679	67	699
Royal Canadian Mounted Police Continuation Act		12		12				12		14	
Members of Parliament Retiring Allowances Account	9			9	(280)	280	4	13	12	11	12
Members of Parliament Retirement Compensation Arrangements Account	18			18	(30)	30	1	19	6	18	6
Retirement Compensation Arrangements (RCA) Account	113		(19)	94	8	(8)	21	115	106	102	108
Supplementary Retirement Benefits Account	3			3				3		3	
Judges Act		129	(7)	122			37	159	69	153	68
Other (diplomatic services, lieutenant governors, etc.)		2		2				2		2	
	164	147	(72)	239	(290)	290	1,342	1,581	8,151	1,427	8,511
Less: contributions from the Judges plan recorded to revenues		(14)		(14)				(14)		(14)	
Total unfunded pension plans	164	133	(72)	225	(290)	290	1,342	1,567	8,151	1,413	8,511
Total reported in the Consolidated Statement of Operations and Accumulated Deficit	3,824	133	(11)	3,946	468	(468)	2,012	5,958	8,699	5,952	9,162

[1] Includes actuarial adjustments to amortize deficiencies and excesses.
[2] Includes the reversal of costs already recorded in the allowance for pension adjustments of previous years.
[3] Includes payments under *Supplementary Retirement Benefits Act* and various acts.

Public Service Superannuation Account

This account, established by the *Public Service Superannuation Act*, is used to record all transactions (contributions, benefit payments, transfers and interest credits) in respect of service accrued by public service members up to March 31, 2000.

Table 6.17
Public Service Superannuation Account

	2013-2014	2012-2013
	$	$
Opening balance	96,648,001,666	96,441,820,180
Receipts and Other Credits —		
Employee contributions —		
Government employees	3,974,740	4,421,468
Retired employees	17,027,791	18,497,273
Public Service corporation employees	261,641	275,357
Employer contributions —		
Government	17,233,070	18,502,069
Public Service corporations	242,124	232,460
Transfers from other pension funds	391,468	592,964
Interest	5,061,490,938	5,317,729,059
	5,100,621,772	5,360,250,650
	101,748,623,438	101,802,070,830
Payments and Other Charges —		
Benefit payments —		
Annuities	5,163,832,472	4,996,538,068
Minimum benefits	16,775,306	13,781,359
Pension division payments	29,996,061	24,497,994
Pension transfer value payments	45,395,025	38,019,592
Return of contributions —		
Government employees	154,483	16,920
Public Service corporation employees	141,859	31,997
Transfers to other pension funds	10,651,878	9,757,823
Administrative expenses	57,897,363	71,425,411
	5,324,844,467	5,154,069,164
Closing balance	96,423,778,971	96,648,001,666

Public Service Pension Fund Account

This account is used to record the transactions in respect of service accrued on or after April 1, 2000, under the *Public Service Superannuation Act*. An amount equal to contributions less benefits and other payments is transferred to the PSPIB for investment in capital markets. The closing balance in this account represents the amount awaiting transfer to the PSPIB.

Table 6.18
Public Service Pension Fund Account

	2013-2014	2012-2013
	$	$
Opening balance	550,792,204	142,589,691
Receipts and Other Credits —		
Employee contributions —		
Government employees	1,586,029,379	1,462,879,048
Retired employees	36,906,148	36,849,984
Public Service corporation employees	151,031,744	135,731,961
Employer contributions —		
Government	2,519,014,713	2,492,724,245
Public Service corporations	242,823,824	226,119,081
Actuarial adjustment	435,000,000	435,000,000
Transfers from other pension funds	95,280,934	134,782,686
	5,066,086,742	4,924,087,005
Payments and Other Charges —		
Benefit payments —		
Annuities	1,143,851,882	909,173,984
Minimum benefits	11,418,925	9,426,009
Pension division payments	27,576,454	19,792,756
Pension transfer value payments	302,264,857	224,367,506
Return of contributions —		
Government employees	9,638,773	15,392,927
Public Service corporation employees	3,505,117	2,736,087
Transfers to other pension funds	48,803,327	38,846,919
Administrative expenses	35,110,461	38,442,934
	1,582,169,796	1,258,179,122
Receipts and other credits less payments and other charges	3,483,916,946	3,665,907,883
Transfers to PSPIB	3,534,765,812	3,257,705,370
Closing balance	499,943,338	550,792,204

Canadian Forces Superannuation Account

This account, established by the *Canadian Forces Superannuation Act*, is used to record all transactions (contributions, benefit payments, transfers and interest credits) in respect of service accrued by Canadian Armed Forces members up to March 31, 2000.

Table 6.19
Canadian Forces Superannuation Account

	2013-2014	2012-2013
	$	$
Opening balance	46,357,136,100	46,269,145,802
Receipts and Other Credits —		
Contributions from personnel	2,771,407	2,944,845
Contributions by the Government	2,771,407	2,944,845
Interest	2,427,304,029	2,550,656,021
Other [1]	1,303,108	1,705,499
	2,434,149,951	2,558,251,210
	48,791,286,051	48,827,397,012
Payments and Other Charges —		
Benefit payments —		
Pensions and retiring allowances	2,418,117,579	2,397,650,035
Minimum benefits	510,547	384,011
Pension division payments	41,067,717	45,417,266
Pension transfer value payments	2,038,584	4,112,363
Return of contributions	4,054	143,584
Transfers to other pension funds	534,304	564,346
Administrative expenses	31,637,422	21,989,307
	2,493,910,207	2,470,260,912
Closing balance	46,297,375,844	46,357,136,100

[1] Includes unclaimed cheques, returned annuity payments upon joining a Government pension plan and returned payments from prior years.

Canadian Forces Pension Fund Account

This account is used to record the transactions in respect of service accrued on or after April 1, 2000, under Part I of the *Canadian Forces Superannuation Act*. An amount equal to contributions less benefits and other payments is transferred to the PSPIB for investment in capital markets. The closing balance in this account represents the amount awaiting transfer to the PSPIB.

Table 6.20
Canadian Forces Pension Fund Account

	2013-2014	2012-2013
	$	$
Opening balance	276,095,519	280,495,982
Receipts and Other Credits —		
Contributions from personnel	396,753,920	364,498,227
Contributions by the Government	839,980,653	847,074,079
Actuarial adjustment	249,000,000	249,000,000
Transfers from other pension funds	22,679,991	18,677,150
Other [1]	71,702	74,534
	1,508,486,266	1,479,323,990
Payments and Other Charges —		
Benefit payments		
Pensions and retiring allowances	317,768,166	271,544,629
Minimum benefits	765,816	1,014,447
Pension division payments	32,917,206	31,244,946
Pension transfer value payments	141,162,757	112,412,503
Return of contributions	927,654	665,787
Transfers to other pension funds	1,182,251	1,287,944
Administrative expenses	16,663,986	10,395,534
	511,387,836	428,565,790
Receipts and other credits less payments and other charges	997,098,430	1,050,758,200
Transfers to PSPIB	1,009,838,556	1,055,158,663
Closing balance	263,355,393	276,095,519

(1) Includes unclaimed cheques and returned annuity payments upon joining a Government pension plan.

Reserve Force Pension Fund Account

This account is used to record the transactions in respect of service accrued on or after March 1, 2007, in accordance with Part I.1 of the *Canadian Forces Superannuation Act*. An amount equal to contributions less benefits and other payments is usually transferred to the PSPIB for investment in capital markets. However, transfers to PSPIB were suspended as of December 2011 to allow for the development of a project intended to modernise the services provided by the pension plan.

Table 6.21
Reserve Force Pension Fund Account

	2013-2014	2012-2013
	$	$
Opening balance	13,234,366	9,724,303
Receipts and Other Credits —		
Contributions from personnel	27,324,355	28,650,133
Contributions by the Government	12,917,754	12,603,683
Other [(1)]		2,981
	40,242,109	41,256,797
Payments and Other Charges —		
Benefit payments —		
Pensions and retiring allowances	4,466,218	3,566,919
Minimum benefits	14,329	84,051
Pension transfer value payments	11,782,916	6,706,531
Return of contributions	117,139	112,500
Transfer to other pension funds	22,499,217	18,384,771
Administrative expenses	12,987,088	8,891,962
	51,866,907	37,746,734
Receipts and other credits less payments and other charges	(11,624,798)	3,510,063
Closing balance	1,609,568	13,234,366

(1) Includes unclaimed cheques.

Royal Canadian Mounted Police Superannuation Account

This account, established by the *Royal Canadian Mounted Police Superannuation Act*, is used to record all transactions (contributions, benefit payments, transfers and interest credits) in respect of service accrued by Royal Canadian Mounted Police members up to March 31, 2000.

Table 6.22
Royal Canadian Mounted Police Superannuation Account

	2013-2014	2012-2013
	$	$
Opening balance	13,124,862,672	13,015,852,545
Receipts and Other Credits —		
Contributions from personnel (current and arrears)	635,140	679,695
Contributions by the Government	1,006,666	662,709
Actuarial adjustment	12,000,000	
Transfers from other pension funds		2,229
Interest	688,854,286	719,171,328
	702,496,092	720,515,961
	13,827,358,764	13,736,368,506
Payments and Other Charges —		
Benefit payments —		
Annuities and allowances	608,138,291	582,773,337
Cash termination allowance and gratuities	414,215	143,066
Pension division payments	8,919,639	8,757,376
Pension transfer value payments	893,751	823,585
Return of contributions	75,413	85
Transfers to other pension funds	39,410	285,510
Administrative expenses	24,192,594	18,722,875
	642,673,313	611,505,834
Closing balance	13,184,685,451	13,124,862,672

Royal Canadian Mounted Police Pension Fund Account

This account is used to record the transactions in respect of service accrued on or after April 1, 2000, under the *Royal Canadian Mounted Police Superannuation Act*. An amount equal to contributions less benefits and other payments is transferred to the PSPIB for investment in capital markets. The closing balance in this account represents the amount awaiting transfer to the PSPIB.

Table 6.23
Royal Canadian Mounted Police Pension Fund Account

	2013-2014	2012-2013
	$	$
Opening balance	69,187,954	13,680,102
Receipts and Other Credits —		
Contributions from personnel (current and arrears)	156,961,854	143,773,771
Contributions by the Government	288,267,058	278,300,571
Actuarial adjustment	74,000,000	57,000,000
Transfers from other pension funds	5,062,568	2,084,062
	524,291,480	481,158,404
Payments and Other Charges —		
Benefit payments —		
Annuities and allowances	98,094,194	79,457,413
Minimum benefits	230,963	209,841
Pension division payments	7,710,279	6,006,578
Pension transfer value payments	10,870,592	7,990,982
Return of contributions —		
Personnel	88,354	73,524
Interest on return of contributions	27,562	13,844
Transfers to other pension funds	683,982	1,010,810
Administrative expenses	12,385,262	8,875,703
	130,091,188	103,638,695
Receipts and other credits less payments and other charges	394,200,292	377,519,709
Transfers to PSPIB	452,425,629	322,011,857
Closing balance	10,962,617	69,187,954

Members of Parliament Retiring Allowances Account

This account was established by the *Members of Parliament Retiring Allowances Act* to provide pension benefits to eligible Members of Parliament who contributed to the plan. "Member" means a Member of the Senate or the House of Commons. Benefits are also available to eligible surviving spouses and/or eligible dependent children of Members who served on or after a certain date and contributed under the Act.

Table 6.24
Members of Parliament Retiring Allowances Account

	2013-2014	2012-2013
	$	$
Opening balance	755,805,893	708,049,065
Receipts and Other Credits —		
Members' contributions —		
Current	2,014,865	1,942,451
Arrears of principal, interest and mortality insurance	14,394	31,418
Government contributions (current)	8,916,866	8,999,607
Interest	36,078,041	62,794,895
	47,024,166	73,768,371
	802,830,059	781,817,436
Payments and Other Charges —		
Benefit payments —		
Annual allowances	26,329,938	25,766,262
Pension division payments		229,835
Return of contributions —		
Withdrawal allowances	32,157	14,711
Interest on withdrawals	1,210	735
Actuarial adjustment	280,000,000	
	306,363,305	26,011,543
Closing balance	496,466,754	755,805,893

Members of Parliament Retirement Compensation Arrangements Account

This account was established by the *Members of Parliament Retiring Allowances Act* to provide for benefits in respect of pension credits accrued by Members of Parliament which are not payable out of the Members of Parliament Retiring Allowances Account. Benefits are also available to eligible surviving spouses and/or eligible dependent children of Members.

Table 6.25
Members of Parliament Retirement Compensation Arrangements Account

	2013-2014	2012-2013
	$	$
Opening balance	243,993,039	231,416,266
Receipts and Other Credits —		
Members' contributions —		
Current	3,426,803	2,784,037
Arrears of principal, interest and mortality insurance	32,258	32,591
Government contributions (current)	17,500,384	19,212,077
Interest	11,878,044	20,884,907
	32,837,489	42,913,612
	276,830,528	274,329,878
Payments and Other Charges —		
Benefit payments —		
Annual allowances	12,355,325	12,013,724
Pension division payments		284,048
Return of contributions —		
Withdrawals	69,032	65,990
Interest on withdrawals	1,587	4,618
Refundable tax remitted to Canada Revenue Agency	10,001,484	17,368,459
Actuarial adjustment (1)	30,000,000	600,000
	52,427,428	30,336,839
Closing balance	224,403,100	243,993,039

(1) Comparative amount includes the reversal of the actuarial adjustment credited in 2011-2012.

Retirement Compensation Arrangements (RCA) Account

The RCA was established by the *Special Retirement Arrangements Act* (SRAA) to provide pension benefits for federal employees under retirement compensation arrangements.

The RCA No.1 pays those pension benefits above the amount that may, in accordance with the *Income Tax Act* restrictions on registered pension plans, be paid under the *Public Service Superannuation Act*, the *Canadian Forces Superannuation Act* and the *Royal Canadian Mounted Police Superannuation Act*. The RCA No.1 was created effective December 15, 1994.

The RCA No.2 pays benefits to public service employees between the ages of 50 and 54, who were declared surplus as part of a three year Government downsizing initiative which ended on March 31, 1998. It pays the difference between an unreduced pension and the reduced pension for early retirement payable from the Public Service Superannuation Account. The RCA No.2 was created April 1, 1995, and is funded entirely by the Government.

Table 6.26
Retirement Compensation Arrangements (RCA) Account

	RCA No.1						RCA No.2			
	Public Service		Canadian Forces		Royal Canadian Mounted Police		Public Service		Total	
	2013-2014	2012-2013	2013-2014	2012-2013	2013-2014	2012-2013	2013-2014	2012-2013	2013-2014	2012-2013
	$	$	$	$	$	$	$	$	$	$
Opening balance	975,251,232	910,164,233	329,950,629	307,572,515	31,534,253	30,546,308	749,295,712	766,225,994	2,086,031,826	2,014,509,050
Receipts and Other Credits —										
Employee contributions										
Government employees	10,588,750	8,546,868	2,370,829	2,417,372	150,376	151,250			13,109,955	11,115,490
Retired employees	264,330	403,206			670				265,000	403,206
Public Service corporation employees	1,721,296	1,627,632							1,721,296	1,627,632
Employer contributions										
Government	83,641,858	75,927,626	28,525,250	29,048,116	868,308	894,740			113,035,416	105,870,482
Public Service corporations	13,501,115	14,460,096							13,501,115	14,460,096
Actuarial adjustment							8,000,000	8,000,000	8,000,000	8,000,000
Transfers from other pension funds	24,845	102,893			1,455	68,207			26,300	171,100
Refundable tax							18,797,103	17,720,243	18,797,103	17,720,243
Interest	54,134,392	52,872,701	18,150,993	17,873,237	1,691,539	1,728,965	38,383,183	41,350,683	112,360,107	113,825,586
	163,876,586	153,941,022	49,047,072	49,338,725	2,712,348	2,843,162	65,180,286	67,070,926	280,816,292	273,193,835
	1,139,127,818	1,064,105,255	378,997,701	356,911,240	34,246,601	33,389,470	814,475,998	833,296,920	2,366,848,118	2,287,702,885
Payments and Other Charges —										
Benefit payments										
Annuities	26,098,541	20,598,427	4,686,817	3,924,872	833,805	760,069	84,639,839	84,001,208	116,259,002	109,284,576
Minimum benefits	165,922	212,169							165,922	212,169
Pension division payments	903,333	252,898	223,681	198,945					1,127,014	451,843
Pension transfer value payments	324,334	745,370	894,069	1,202,089					1,218,403	1,947,459
Return of contributions										
Government employees	18,401	2,989		22	18	409			18,419	3,420
Public Service corporation employees	5,809	3,918							5,809	3,918
Transfers to other pension funds	1,747,052	154,474			24,072	40,092			1,771,124	194,566
Refundable tax	69,699,727	66,883,778	22,007,441	21,634,683	913,591	1,054,647			92,620,759	89,573,108
	98,963,119	88,854,023	27,812,008	26,960,611	1,771,486	1,855,217	84,639,839	84,001,208	213,186,452	201,671,059
Closing balance	1,040,164,699	975,251,232	351,185,693	329,950,629	32,475,115	31,534,253	729,836,159	749,295,712	2,153,661,666	2,086,031,826

Supplementary Retirement Benefits Account

This account was established by the *Supplementary Retirement Benefits Act* to provide for pension benefit increases resulting from changes in the Consumer Price Index. The account continues to provide for increased pension benefits resulting from indexation for pensions of federally appointed judges, and recipients of pensions under various Continuation Acts and other related acts.

Table 6.27
Supplementary Retirement Benefits Account

	Judges		Others [1]		Total	
	2013-2014	2012-2013	2013-2014	2012-2013	2013-2014	2012-2013
	$	$	$	$	$	$
Opening balance	186,874,741	178,121,263	605,733	575,067	187,480,474	178,696,330
Receipts and Other Credits —						
Employee contributions —						
Government	3,267,632	3,197,761	32,677	23,724	3,300,309	3,221,485
Employer contributions						
Government	3,267,632	3,197,761	32,677	27,700	3,300,309	3,225,461
Interest	3,232,451	2,357,956	11,664	8,199	3,244,115	2,366,155
	9,767,715	8,753,478	77,018	59,623	9,844,733	8,813,101
	196,642,456	186,874,741	682,751	634,690	197,325,207	187,509,431
Payments and Other Charges —						
Annuities			31,275	28,957	31,275	28,957
Closing balance	196,642,456	186,874,741	651,476	605,733	197,293,932	187,480,474

(1) Includes lieutenant governors and non-career diplomats.

Allowance for Pension Adjustments

This account records the accounting adjustments resulting from annual actuarial valuations.

Actuarial losses of $2,012 million ($1,904 million in 2013), due to plan experience and changes in actuarial assumptions, were recognized in this account and increased pension expenses for the year.

An amount of $468 million ($748 million in 2013) was recorded in this account to offset the amortization of deficiencies of $778 million ($748 million in 2013) charged and the amortization of excesses of $310 million (nil in 2013) credited to the account during the year but already accounted for in previous years expenses or in actuarial gains and losses.

An amount of $11 million was debited ($132 million was credited in 2013) to this account and decreased (increased in 2013) pension costs to adjust for the difference between the Government contributions and the net cost of benefits earned.

No amount ($1 million in 2013) was recorded in this account to decreased pension costs to adjust for the cost reduction of past service related to amendments that were made to the Members of Parliament benefits during the year.

An amount of $3,844 million ($3,976 million in 2013) was credited to this account to adjust for the difference between interest based on the accrued pension obligations and interest credited to the superannuation accounts. In addition, an amount of $3,486 million ($3,602 million in 2013) was debited in this account to record the expected return on the pension investments.

As well, a consolidation adjustment of $84 million ($89 million in 2013) was credited to this account and debited against personal tax revenues to eliminate the effect of internal transactions resulting from tax amounts debited to the RCA accounts that were previously recorded as tax revenues.

The unrecognized net actuarial loss of $9,442 million ($18,876 million in 2013) will be recognized in this account and will affect expenses in future years.

As a result of annual actuarial valuations for accounting purposes, the accrued pension obligations of $247,428 million ($242,696 million in 2013) less the pension assets of $84,903 million ($72,153 million in 2013) was found to be $2,772 million ($10,231 million in 2013) higher than the balance of the pension fund accounts of $776 million ($909 million in 2013) and the superannuation accounts of $158,977 million ($159,403 million in 2013). The excess or shortfall is made up of:

	Excess (shortfall) (in millions of dollars)	
	2014	2013
Public Service Pension Plan—		
Public Service Superannuation Account	4,360	2,865
Public Service Pension Fund	(3,250)	(6,757)
Retirement Compensation Arrangements	(1,503)	(1,625)
	(393)	(5,517)
Canadian Forces Pension Plan—		
Canadian Forces Superannuation Account	2,207	1,441
Canadian Forces Pension Fund	(1,805)	(3,039)
Reserve Force Pension Fund	65	(125)
Retirement Compensation Arrangements	(222)	(195)
	245	(1,918)
Royal Canadian Mounted Police Pension Plan—		
Royal Canadian Mounted Police Superannuation Account	420	222
Royal Canadian Mounted Police Pension Fund	(397)	(736)
Retirement Compensation Arrangements	(9)	(10)
	14	(524)
Members of Parliament Pension Plan—		
Members of Parliament Retiring Allowances	37	301
Retirement Compensation Arrangements	(224)	(183)
	(187)	118
Pension plan for federally appointed judges	(2,451)	(2,390)
Total	(2,772)	(10,231)

Other employee and veteran future benefits

The Government sponsors a variety of other future benefit plans from which employees and former employees (including military or Royal Canadian Mounted Police members) can benefit during or after employment or upon retirement. Some are considered retirement benefits, whereby benefits are expected to be provided after retirement to employees and their beneficiaries or dependents. Others are considered post-employment benefits, whereby benefits are expected to be paid after employment but before retirement. Benefits for veterans are paid to war veterans, as well as to Canadian Forces retired veterans and Canadian Forces still-serving members. Benefits for members of the Royal Canadian Mounted Police are paid to both current and former members. These are primarily post-employment benefits, but some benefits are also paid during employment to still-serving members. They include disability and associated benefits paid to veterans or Royal Canadian Mounted Police members, or to their beneficiaries and dependants.

The other major future benefits include the Public Service Health Care Plan and the Pensioners' Dental Services Plan available to retired employees and retired military and Royal Canadian Mounted Police members, accumulated sick leave entitlements and post-employment benefits such as workers' compensation benefits and severance benefits that accumulate.

Table 6.28 presents the balance of these liabilities at year-end.

Table 6.28
Other employee and veteran future benefits

	April 1/2013	Receipts and other credits	Payments and other charges	March 31/2014
	$	$	$	$
Veterans' disability and other future benefits	34,379,000,000	5,544,000,000	3,188,000,000	36,735,000,000
Royal Canadian Mounted Police disability and other future benefits	3,533,000,000	734,000,000	140,000,000	4,127,000,000
Public Service Health Care Plan	19,799,000,000	10,184,000,000	8,316,000,000	21,667,000,000
Pensioners' Dental Services Plan	2,759,000,000	323,000,000	83,000,000	2,999,000,000
Severance and other benefits	4,416,000,000	689,000,000	1,740,000,000	3,365,000,000
Accumulated sick leave entitlements	1,468,000,000	294,000,000	233,000,000	1,529,000,000
Workers' compensation	947,000,000	158,000,000	118,000,000	987,000,000
Total	67,301,000,000	17,926,000,000	13,818,000,000	71,409,000,000

All of these plans are unfunded. The Public Service Health Care Plan and the Pensioners' Dental Services Plan are contributory plans. Contributions by retired plan members are made to the plans to obtain coverage. Therefore the Government's liability and costs are shown net of members' contributions. The accrued benefit obligation related to these plans is determined actuarially for accounting purposes. As at March 31, the Government's recorded liability includes the following components:

(in millions of dollars)

	2014			2013
	Accrued benefit obligations	Unrecognized net actuarial gain (loss)	Future benefit liabilities	Future benefit liabilities
Veterans' disability and other future benefits	47,693	(10,958)	36,735	34,379
Royal Canadian Mounted Police disability and other future benefits	6,517	(2,390)	4,127	3,533
Public Service Health Care Plan	18,626	3,041	21,667	19,799
Pensioners' Dental Services Plan	3,318	(319)	2,999	2,759
Severance and other benefits	3,091	274	3,365	4,416
Accumulated sick leave entitlements	1,347	182	1,529	1,468
Workers' compensation	1,044	(57)	987	947
Total	81,636	(10,227)	71,409	67,301

The cost of these benefits can accrue either during the service life of employees or upon occurrence of an event giving rise to the liability under the terms of the plans. An interest component is charged to interest on the public debt based on the average accrued benefit obligation.

In 2014, an amendment was made to the Public Service Health Care Plan whereby, effective April 1, 2015, the cost sharing for retired member contributions for supplementary coverage will increase from 25 percent to 50 percent over a four year period and the number of cumulative years of pensionable service required to qualify for coverage as a retired member will increase from two to six years. The cost sharing change will not apply to retired members who were members before April 1, 2015, and whose family income falls below the relevant Guaranteed Income Supplement threshold under the *Old Age Security Act*. In addition, certain benefits will be enhanced effective October 1, 2014 and the annual deductible eliminated effective January 1, 2015. This plan amendment resulted in a one-time past service cost reduction of $7,890 million and the immediate recognition of a previously unrecognized net actuarial loss of $7,106 million.

Amendments were also made to the veteran future benefit plans thereby improving and expanding eligibility for funeral and burial benefits to modern day veterans of modest financial means, increasing access to treatment benefits and veterans independence program by removing the offset for disability pension provided under the *Pension Act* from the war veterans allowance and improving vocational rehabilitation benefits by streamlining to an overall annual limit as opposed to several individual limits. These amendments resulted in one-time past service costs of $317 million and the immediate recognition of a previously unrecognized net actuarial gain of $49 million.

With respect to the employee severance benefit plan, an amendment was agreed upon resulting in a one-time past service cost of $23 million.

Beginning in 2011, the accumulation of severance benefits for voluntary departures ceased for certain employee groups. Employees subject to these changes are being given the option to be paid the full or partial value of benefits earned to date or collect the full or remaining value of benefits upon departure from the public service. The impact of the curtailments is a one-time past service cost reduction of $94 million and the immediate recognition of a previously unrecognized net actuarial loss of $69 million, representing the portion related to the obligation for employees subject to the curtailments.

In 2014, payments of $1,178 million were made to employees affected by the curtailments of the severance benefit plan who opted to cash out the full or partial value of their accumulated benefits. Because the actual cost of settling part of the obligation differed from the liability previously recorded, a settlement loss of $127 million was recognized along with a previously unrecognized net actuarial loss of $131 million, representing the portion related to the obligation for employees subject to the settlements.

During the year, the expense relating to these benefits was as follows:

(in millions of dollars)

	2014								2013
	Benefits earned	Plan amendment	Plan curtailments	Plan settlements	Actuarial losses recognized	Net benefit expense	Interest cost	Total	Total
Veterans' disability and other future benefits	1,253	317			2,514	4,084	1,411	5,495	4,788
Royal Canadian Mounted Police disability and other future benefits	278				281	559	175	734	685
Public Service Health Care Plan	1,223	(7,890)			8,204	1,537	757	2,294	3,457
Pensioners' Dental Services Plan	137				85	222	101	323	327
Severance and other benefits	151	23	(94)	127	271	478	117	595	794
Accumulated sick leave entitlements	255				(1)	254	39	293	308
Workers' compensation	112				17	129	29	158	264
Total	3,409	(7,550)	(94)	127	11,371	7,263	2,629	9,892	10,623

Other Liabilities

Other liabilities include general liabilities established under the authority of section 64 of the *Financial Administration Act* as well as specified purpose accounts opened under the authority of section 21 of the *Financial Administration Act* or of other specific legislation. Specified purpose accounts are an accounting classification used to record transactions and expenditures in respect of money payable out of the Consolidated Revenue Fund under statutory authorities, pursuant to legislation, trusts, treaties, undertakings or contracts. Legislation relating to some of these accounts permits investments to be made and, in certain cases, the balances of the accounts earn interest.

Canada Pension Plan

The Canada Pension Plan (CPP) is a federal/provincial social insurance program established by an Act of Parliament in 1965. It began operations in 1966. The CPP is compulsory and in operation in all parts of Canada, except for the Province of Quebec. The objective of the program is to provide a measure of protection to workers and their families against the loss of earnings due to retirement, disability or death. The CPP is financed from employees, employers and self-employed workers contributions, as well as investment earnings. The CPP's investments are held and managed by the Canada Pension Plan Investment Board (CPP Investment Board).

The CPP is administered by the Government of Canada. As the CPP is controlled by both the Government of Canada and the provinces, its financial activities are not part of the Government's reporting entities.

The Minister of Employment and Social Development is responsible for the administration of the CPP under the *Canada Pension Plan* Act; the Minister of National Revenue is responsible for collecting contributions. The Minister of Finance and his provincial counterparts are responsible for setting CPP contribution rates, pension and benefit levels and funding policy. The CPP Investment Board is responsible for managing the amounts that are being transferred under Section 108.1 of the *Canada Pension Plan* Act. It acts in the best interests of the beneficiaries and contributors under the Act.

As administrator of the CPP, the Government's authority to provide benefits is limited to the assets available for benefit payments of the CPP. At March 31, 2014, the fair value of the CPP's assets available for benefit payments is $223,209 million ($187,724 million in 2013).

The CPP Account (the Account) was established in the accounts of Canada pursuant to the *Canada Pension Plan* Act. The transactions of the CPP are recorded in the Account. CPP's revenues and expenses such as contributions, interests, investment income or loss from the CPP Investment Board (the Board), pension benefits and operating expenses, are reported as increases and decreases to this liability. The Account also tracks the amounts transferred to or received from the CPP Investment Board. The CPP Investment Board operates at arm's length from the Government and invests in a diversified portfolio of securities.

The detailed revenues, expenses, assets and liabilities of the CPP financial activities are reported separately in the CPP consolidated financial statements. The CPP's deposit with the Receiver General for Canada of $140 million ($68 million in 2013) corresponds to the balance in the Account and is reported as the Government's liability to the CPP at March 31, 2014.

Table 6.29 presents a reconciliation between the assets available for benefit payments shown in the CPP's consolidated financial statements and the Account, as well as a summary of the balances and transactions in the Account which result in the deposit with the Receiver General for Canada.

Table 6.29
Due to Canada Pension Plan

	April 1/2013	Receipts and other credits	Payments and other charges	March 31/2014
	$	$	$	$
Canada Pension Plan balance per audited consolidated financial statements —				
Assets available for benefit payments	187,723,820,672	73,318,244,625	37,832,662,643	223,209,402,654
Less: Receivables, net of liabilities	4,391,451,249	3,977,163,689	4,391,451,249	3,977,163,689
Accumulated net income from Canada Pension Plan Investment Board's operations	65,533,000,000	30,134,000,000		95,667,000,000
	117,799,369,423	*39,207,080,936*	*33,441,211,394*	*123,565,238,965*
Less: transfers to Canada Pension Plan Investment Board	117,731,062,259	28,638,560,143	34,332,287,256	123,424,789,372
Deposit with the Receiver General for Canada	68,307,164	67,845,641,079	67,773,498,650	140,449,593

Receipts and other credits include:

(a) contributions at the combined employer and employee rates of 9.9 percent of pensionable earnings for the 2013 and 2014 calendar years, subject to maximum combined contributions of $4,712 and $4,851 respectively and contributions to the new post-retirement benefit pension according to provisions of Bill C-51 of 2009;

(b) income from the average daily operating balance deposited with the Receiver General for Canada;

(c) gains on investments held by the CPP Investment Board; and,

(d) payments received on overpayments established.

Payments and other charges include:

(a) pensions and benefits paid under the CPP as retirement and post-retirement benefit pensions, survivors' benefits paid to spouse or common-law partner and orphans, or as lump sum death benefits, and disability benefits to eligible contributors and their children;

(b) pensions and benefits paid and recovered from the CPP, in accordance with an agreement with a province providing a comprehensive pension plan;

(c) payments that are required to be charged to the CPP, in accordance with reciprocal agreements with other countries;

(d) costs of administration of the CPP;

(e) funds transferred to the CPP Investment Board; and,

(f) losses on investments held by the CPP Investment Board.

For additional information, the consolidated financial statements of the CPP are included with the Supplementary Statements at the end of this section. Additional information on the funding of CPP may also be obtained from the *26th Actuarial Report on the Canada Pension Plan* prepared by the Chief Actuary of the Office of the Superintendent of Financial Institutions.

Government Annuities Account

This account was established by the *Government Annuities Act*, and modified by the *Government Annuities Improvement Act*, which discontinued sales of annuities in 1975. The account is valued on an actuarial basis each year, with the deficit or surplus charged or credited to the Government annual surplus/deficit.

The purpose of the *Government Annuities Act* was to assist Canadians to provide for their later years, by the purchase of Government annuities. The *Government Annuities Improvement Act* increased the rate of return and flexibility of Government annuity contracts.

Receipts and other credits consist of premiums received, funds reclaimed from the Consolidated Revenue Fund for previously untraceable annuitants, earned interest and any credit needed to cover the actuarial deficit. Payments and other charges represent matured annuities, the commuted value of death benefits, premium refunds and withdrawals, and actuarial surpluses and unclaimed annuities transferred to non-tax revenues. The amounts of unclaimed annuities, related to untraceable annuitants, are transferred to non-tax revenues.

As of March 31, 2014, over 37,638 annuitants held 40,225 active contracts, each annuitant receiving an average payment of $663.00. During the year, 93 deferred annuities came into payment and another 25 deferred contracts were terminated at or before maturity, due to death, small refunds or unclaimed funds. Therefore, as of March 31, 2014, there were 498 outstanding deferred annuities, the last of which will come into payment around the year 2030.

During the 2013-2014 fiscal year, 3,716 annuities were terminated or adjusted as a result of annuitant deaths: 2,352 group certificates and 1,364 individual contracts. The average age at death for males was 87.4 while the female age at death averaged 90.4.

Total income amounted to $12.4 million, $11.8 million of which represented interest of 7 percent credited to the Account. Premiums received totaled $34,113. Total disbursements of $28.6 million originated mainly from the $28.4 million in payments made under matured annuities. An amount of $73,121 was used to refund premiums at death before maturity or when the annuity would have been too small, and $60,321 was transferred to the Government's revenues as a result of unclaimed annuities.

The opening balance of $183.1 million was reduced due to charges exceeding income by $16.2 million during 2013-2014. Since the actuarial reserves required as of March 31, 2014 were only $166.1 million, an excess amount of $735,649 was transferred to the Government's revenues.

Deposit and Trust Accounts

Deposit and trust accounts are a group of liabilities representing the Government's financial obligations in its role as administrator of certain funds that it has received or collected for specified purposes and that it will pay out accordingly. To the extent that the funds received are represented by negotiable securities, these are deducted from the corresponding accounts to show the Government's net liability. Certain accounts earn interest which is charged to interest on the public debt.

Table 6.30 presents a summary of the balances and transactions in deposit and trust accounts.

Table 6.30
Deposit and Trust Accounts

	April 1/2013	Receipts and other credits	Payments and other charges	March 31/2014
	$	$	$	$
Deposit accounts —				
Agriculture and Agri-Food —				
Contractor security deposits — Certified cheques	19,053	136,649	73,045	82,657
Canadian Dairy Commission —				
Canadian Dairy Commission account		60,117,906	56,085,377	4,032,529
	19,053	*60,254,555*	*56,158,422*	*4,115,186*
Canada Revenue Agency —				
Guarantee deposits	149,589,727	48,231,574	35,450,897	162,370,404
Less: securities held in trust	140,000	100,000		40,000
	149,449,727	*48,331,574*	*35,450,897*	*162,330,404*
Employment and Social Development —				
Canada Labour Code — Other	108,438	587,462	601,501	94,399
Canada Labour Code — Wage recovery appeals	4,375,387	1,437,075	2,017,903	3,794,559
	4,483,825	*2,024,537*	*2,619,404*	*3,888,958*
Environment —				
Contractor security deposits — Cash and Cheques		107,830		107,830
Finance —				
Canada Development Investment Corporation —				
Holdback — Privatization	26,153,650	225,444		26,379,094
Canada Hibernia Holding Corporation —				
Abandonment reserve fund	95,915,668	826,794		96,742,462
Swap collateral deposit	196,730,112	229,914,121	426,644,233	
	318,799,430	*230,966,359*	*426,644,233*	*123,121,556*
Fisheries ans Oceans —				
Guarantee deposits — Fish Habitat Preservation	5,000	280,000		285,000
Health —				
Canadian Food Inspection Agency —				
Contractor security deposits — Cash	73,672			73,672
Indian Affairs and Northern Development —				
Field British Columbia and Yukon Operations of the Northern Canada Power Commission	992,587			992,587
Guarantee deposits	536,366,075	20,235,176	523,881,702	32,719,549
Less: securities held in trust	522,365,504	522,365,504		
	14,000,571	*542,600,680*	*523,881,702*	*32,719,549*
Guarantee deposits — Oil and gas	125,321,532	884,859	124,849,377	1,357,014
Less: securities held in trust	122,268,034	122,268,034		
	3,053,498	*123,152,893*	*124,849,377*	*1,357,014*
Guarantee deposits — Reserve resources	766,953		766,953	
	18,813,609	*665,753,573*	*649,498,032*	*35,069,150*
Justice —				
Courts Administration Service —				
Security for costs	49,483	40,224	7,840	81,867
Supreme Court of Canada —				
Security for costs	391,195	687		391,882
	440,678	*40,911*	*7,840*	*473,749*
Natural Resources —				
Guarantee deposits — Oil and gas	837,366,952	2,452,650	832,904,421	6,915,181
Less: securities held in trust	832,705,431	832,705,431		
	4,661,521	*835,158,081*	*832,904,421*	*6,915,181*

Table 6.30
Deposit and Trust Accounts — *Concluded*

	April 1/2013	Receipts and other credits	Payments and other charges	March 31/2014
	$	$	$	$
Privy Council Office —				
Chief Electoral Officer —				
Candidates' and committees' deposits —				
Election and referendum	110,000	30,000	39,000	101,000
Public Safety and Emergency Preparedness —				
Canada Border Services Agency —				
General security deposits	5,675,805	562,979		6,238,784
Guarantee deposits	12,061,784	845,923	3,928,485	8,979,222
Immigration guarantee fund	24,323,565	5,868,954	8,127,389	22,065,130
Temporary deposits received from importers	981,082	398,489	329,579	1,049,992
	43,042,236	*7,676,345*	*12,385,453*	*38,333,128*
Royal Canadian Mounted Police —				
Contractor security deposits — Cash		83,135		83,135
	43,042,236	*7,759,480*	*12,385,453*	*38,416,263*
Public Works and Government Services —				
Contractor security deposits — Bonds		750,000		750,000
Contractor security deposits — Cash	5,066,315	1,031,231	1,937,049	4,160,497
Deposits on disposals	638,392	3,343,883	3,712,688	269,587
Seized property — Cash	75,726,292	15,740,094	24,237,091	67,229,295
	81,430,999	*20,865,208*	*29,886,828*	*72,409,379*
Other departments and agencies —				
Contractor security deposits — Cash	5,715,852	4,667,975	5,721,857	4,661,970
Total deposit accounts	627,045,602	1,876,240,083	2,051,316,387	451,969,298
Trust accounts —				
Employment and Social Development —				
Indian Residential Schools Settlement Agreement —				
Common Experience Payments	324,846,680	2,724,545	7,913,108	319,658,117
Indian Affairs and Northern Development —				
Indian band funds —				
Capital accounts, Table 6.31	646,155,029	143,971,326	154,877,723	635,248,632
Revenue accounts, Table 6.32	213,751,063	65,571,861	81,317,345	198,005,579
	859,906,092	*209,543,187*	*236,195,068*	*833,254,211*
Indian estate accounts	22,618,977	8,772,716	8,073,992	23,317,701
Indian savings accounts	35,696,428	2,598,482	4,394,453	33,900,457
Other trust account	1,882,995	784,492	2,667,487	
	920,104,492	*221,698,877*	*251,331,000*	*890,472,369*
Industry —				
Restitutions under the *Competition Act*	1,952	1,596		3,548
National Defence —				
Estates — Armed services	553,454	1,651,012	1,447,335	757,131
Public Safety and Emergency Preparedness —				
Canadian Security Intelligence Service —				
Scholastic awards	26,866	231	500	26,597
Correctional Service of Canada —				
Inmates' trust fund	18,461,693	47,361,513	47,574,725	18,248,481
Royal Canadian Mounted Police —				
Benefit trust fund	2,142,787	52,625	58,336	2,137,076
	20,631,346	*47,414,369*	*47,633,561*	*20,412,154*
Veterans Affairs —				
Administered accounts	156,159	70,790	68,762	158,187
Estates fund	394,510	10,337	118,107	286,740
Veterans administration and welfare trust fund	1,534,214	131,786	150,301	1,515,699
	2,084,883	*212,913*	*337,170*	*1,960,626*
Total trust accounts	1,268,222,807	273,703,312	308,662,174	1,233,263,945
Total deposit and trust accounts	1,895,268,409	2,149,943,395	2,359,978,561	1,685,233,243

Contractor security deposits — Certified cheques — Agriculture and Agri-Food

This account was established to record contractor security deposits that are required for the satisfactory performance of work in accordance with Government Contracts Regulations.

Canadian Dairy Commission account

The Canadian Dairy Commission is a Crown corporation listed in Part I of Schedule III of the *Financial Administration Act*. This account was established for banking purposes using the Consolidated Revenue Fund pursuant to section 15 of the *Canadian Dairy Commission Act*.

Guarantee deposits — Canada Revenue Agency

This account was established to record cash securities required to guarantee payment of goods and services tax (GST) as it relates to non-resident registrants and, certain licensees as it relates to excise taxes, which are both payable pursuant to the *Excise Tax Act*.

Securities held in trust by the Canada Revenue Agency are made up of cash deposited to the Consolidated Revenue Fund.

Canada Labour Code — Other

This account was established to record amounts received under the provisions of section 251 of the Canada Labour Code Part III. The receipts are wage payments ordered by a Labour inspector in settlement of a wages dispute, which the employer has chosen to pay to the Minister of Labour instead of paying them directly to the employee. These amounts are then paid out to the employees.

Canada Labour Code — Wage recovery appeals

This account was established to record amounts received under the provisions of section 251.1 of the Canada Labour Code Part III. This requires federally-regulated employers who wish to appeal a payment order made by a Labour inspector regarding wages due to employees, to forward the amounts due to the Minister of Labour for deposit. They are held until the appeal is completed and the adjudicator has directed payment of the disputed amount to the employee or return to the employer. Deposits in this account are interest-bearing at the rate set by the Minister of Finance for contractor's deposits.

Contractor security deposits — Cash and Cheques — Environment

This account was established for the management of deposits of money belonging to third parties.

Holdback — Privatization — Canada Development Investment Corporation

This account was established pursuant to subsection 129(1) of the *Financial Administration Act*. This special purpose money is to be used to meet costs incurred on the sale of Crown corporations and demand for payment by purchasers pursuant to the acquisition agreement and costs incurred by the Canada Development Investment Corporation in connection with their sale.

Abandonment reserve fund — Canada Hibernia Holding Corporation

This account was established to record funds which will be used to defray the future abandonment costs that will occur at the closure of the Hibernia field.

Swap collateral deposit

This account was established to record cash received as credit support under a collateral agreement with financial institutions.

No amount outstanding at year end.

Guarantee deposits — Fish Habitat Preservation

This account was established to record cash and securities deposited as guarantees for preservation of fish habitat as required by permits, leases or authorizations, pursuant to Section 35 of the *Fisheries Act*. Interest is not allowed on cash deposits.

Contractor security deposits — Cash — Canadian Food Inspection Agency

This account was established to record contractor security deposits that are required for the satisfactory performance of work in accordance with Government Contracts Regulations.

Field British Columbia and Yukon Operations of the Northern Canada Power Commission

This account was established to record amounts deposited by the Northern Canada Power Commission to reimburse liabilities pertaining to Field, British Columbia and Yukon Operations of the Northern Canada Power Commission.

Guarantee deposits — Indian Affairs and Northern Development

This account was established to record cash and securities deposited as guarantees for performance as required by permits, leases, authorizations and water licences, pursuant to section 8 of the *Arctic Waters Pollution Prevention Act* and of the *Northwest Territories Waters Act* and various regulations under the *Territorial Lands Act* and the *Mackenzie Valley Resource Management Act*. Interest is not allowed on cash deposits.

Guarantee deposits — Oil and gas — Indian Affairs and Northern Development

This account was established to record securities in the form of cash, letters of credit or other acceptable instruments which are required to be issued to, and held by the Government of Canada pursuant to an interest issued in accordance with the *Canada Petroleum Resources Act*. These securities are a performance guarantee or refundable rental that the agreed exploration work will be performed in the manner and time frame specified. Interest is not paid on these deposits.

Guarantee deposits — Reserve resources

This account was established to record cash and bond security deposits with respect to Indian reserve licences and contracts for the development of resources, in accordance with the various regulations made under section 57 of the *Indian Act*. Interest is allowed on cash deposits.

Security for costs — Courts Administration Service

This account was established to maintain accounts on behalf of litigants before the Tax Court of Canada. These accounts record the funds paid into the Tax Court of Canada, pursuant to an order of the Court, rules of the Court or statutes, to be held pending payment of such funds, in accordance with an order/judgment of the Court.

Security for costs — Supreme Court of Canada

This account was established to record security to the value of $500 deposited by an Appellant with the Registrar of the Supreme Court of Canada in accordance with paragraph 60(1)(b) of the *Supreme Court Act*. As per section 87 of the Rules of the Supreme Court of Canada, interest is paid on money deposited as security.

Guarantee deposits — Oil and gas — Natural Resources

This account was established to record securities in the form of cash, promissory notes, and bonds which are required to be issued to, and held by the Government of Canada pursuant to an Exploration Licence in accordance with section 24 of the *Canada Petroleum Resources Act*. These securities are a performance guarantee that the agreed exploration will be performed in the manner and time frame specified. Interest is not paid on these deposits.

Candidates' and committees' deposits — Election and referendum

This account was established to record candidates' election and committees' referendum deposits received in respect of an election (general or by-election) or a referendum.

Pursuant to the *Canada Election Act* or the *Referendum Act*, amounts received are either refunded to candidates or committees, or are transferred to non-tax revenues.

General security deposits

This account was established to record general security deposits from transportation companies in accordance with section 148 of the *Immigration and Refugee Protection Act*.

Guarantee deposits — Canada Border Services Agency

This account was established to record cash required to guarantee payment of customs duties on imported goods pursuant to the *Customs Act*.

Immigration guarantee fund

This account was established to record amounts collected and held pending final disposition, either by refund to the original depositor, or forfeiture to the Crown pursuant to sections 14, 26, 44, 56, 58 and 148 of the *Immigration and Refugee Protection Act*.

Temporary deposits received from importers

This account was established to record temporary security deposits received from importers to ensure compliance with various (Customs) regulations regarding temporary entry of goods.

Contractor security deposits — Cash — Royal Canadian Mounted Police

This account was established to record contractor security deposits that are required for the satisfactory performance of work in accordance with Government Contracts Regulations.

Contractor security deposits — Bonds — Public Works and Government Services

This account was established to record contractor security deposits that are required for the satisfactory performance of work in accordance with Government Contracts Regulations.

Contractor security deposits — Cash — Public Works and Government Services

This account was established to record contractor security deposits that are required for the satisfactory performance of work in accordance with Government Contracts Regulations.

Deposits on disposals

This account was established to report transactions associated to deposits on disposals for PWGSC, security deposits and revenues of leased space belonging to PWGSC.

Seized property — Cash

This account was established pursuant to the *Seized Property Management Act*, to record seized cash. These funds will be deposited to the Consolidated Revenue Fund and credited to the account until returned to the owner or forfeited.

Contractor security deposits — Other departments and agencies

This account was established to record contractor security deposits that are required for the satisfactory performance of work in accordance with Government Contracts Regulations.

Indian Residential Schools Settlement Agreement — Common Experience Payments

This account was established pursuant to section 21 of the *Financial Administration Act*, to record amounts received and paid under article 5 of the Indian Residential Schools Settlement Agreement. It was established on September 19, 2007, and provides for the payment of Common Experience Payments to eligible former students of recognized Indian Residential Schools. The account is credited with interest pursuant to section 21(2) of the *Financial Administration Act*. The Designated Amount Fund is co-administered by Indian Affairs and Northern Development and Employment and Social Development.

Indian band funds

This account was established to record funds belonging to Indian bands throughout Canada pursuant to sections 61 to 69 of the *Indian Act*.

Table 6.31
Indian band funds — Capital Accounts

	2013-2014	2012-2013
	$	$
Opening balance	646,155,029	648,356,131
Receipts and other credits —		
Oil royalties	98,251,463	93,165,836
Gas royalties	30,322,025	25,840,423
Sundries	15,397,838	27,262,313
	143,971,326	146,268,572
	790,126,355	794,624,703
Payments and other charges —		
Per capita cash distribution	14,000,400	15,964,167
Transfer pursuant to section 64 of the *Indian Act*	137,530,278	132,067,941
Sundries	3,347,045	437,566
	154,877,723	148,469,674
Closing balance	635,248,632	646,155,029

Table 6.32
Indian band funds — Revenue Accounts

	2013-2014	2012-2013
	$	$
Opening balance	213,751,063	233,746,880
Receipts and other credits —		
Government interest	24,261,903	21,541,176
Court award and settlements		4,465,107
Land and other claim settlements	654,240	35,000
Sundries	40,655,718	51,874,348
	65,571,861	77,915,631
	279,322,924	311,662,511
Payments and other charges —		
Per capita cash distribution	1,019,815	3,077,747
Transfer pursuant to section 69 of the *Indian Act*	71,534,558	92,012,792
Sundries	8,762,972	2,820,909
	81,317,345	97,911,448
Closing balance	198,005,579	213,751,063

Indian estate accounts

These accounts were established to record funds received and disbursed for estates of deceased Indians, mentally incompetent Indians and missing Indians pursuant to sections 42 to 51 and 52.3 of the *Indian Act*.

Indian savings accounts

These accounts were established to record funds received and disbursed for individual Indians pursuant to sections 52 and 52.1 to 52.5 of the *Indian Act*.

Other trust account

This account was established pursuant to the Claim 138 Settlement Agreement to deposit Manitoba Hydro's instalments due to Canada, as per the 1988 Infrastructure Agreement and article 6.2 of the 1977 Northern Flood Agreement, for the portion applicable to the First Nation. The money received by Manitoba Hydro was kept in this account until the conclusion of the Claim 138 Settlement Agreement, which was settled during the year.

During the year, the account was closed.

Restitutions under the *Competition Act*

This account was established to facilitate judgements rendered under section 52 of the *Competition Act*, and account for funds received in trust for restitution and for subsequent payment.

Estates — Armed services

This account was established to record the service estates pursuant to section 42 of the *National Defence Act* of officers and non-commissioned members who die during their service in the Canadian Forces. Under the administration of the Judge Advocate General, in his capacity as Director of Estates, net assets of estates are distributed to the lawful representative of the personal estate.

Scholastic awards

This account was established to record donations of $26,000 to be used for the presentation of scholarship awards to children of employees of the Canadian Security Intelligence Service to encourage university studies.

Inmates' trust fund

Pursuant to section 111 of the Corrections and Conditional Release Regulations, this account is credited with all moneys brought into the institution by an inmate on admission or readmission, and all moneys that are received on the inmate's behalf while in custody, including, monetary gifts from a third party, payments for program participation, pay earned while on work release or conditional release in the community, moneys received from a third party for work performed in an institution or a Correctional Service of Canada approved inmate operated business enterprise, sale of hobby craft or custom work, a payment, allowance or income paid by either a private or government source. Deductions may be made from this account for issues such as debts to the Crown, the Inmate Welfare Fund, canteen expenditures, telephone calls, payments to assist in the rehabilitation of the inmate, and any other payments for which the inmate is liable.

Benefit trust fund

This account was established by section 23 of the *Royal Canadian Mounted Police Act*, to record funds received by personnel of the Royal Canadian Mounted Police, in connection with the performance of duties, over and above their pay and allowances, as well as forfeitures of pay. The money paid to the Benefit trust fund is used for the benefit of RCMP members, former members and their dependants; use of the funds is governed by the Royal Canadian Mounted Police Regulations.

Administered accounts

Pursuant to section 41 of the *Pension Act*, section 15 of the *War Veterans Allowance Act*, section 55 of the Veterans Treatment Regulations and section 8 of the Guardianship of Veterans Property Regulations, these accounts are under the jurisdiction of the Department of Veterans Affairs. Funds held in these accounts include: *(a)* pensions, war veterans allowances and treatment allowances placed under the administration of the Department of Veterans Affairs; and, *(b)* benefits from other sources such as Old Age Security, Guaranteed Income Supplement or Canada Pension Plan, placed under administration with the consent of the client. These persons have demonstrated their inability to manage their own affairs.

Payments are made out of the accounts, to provide food, shelter, clothing, comforts and other necessities.

Estates fund

This account was established to record the proceeds from the estates of those veterans who died while receiving hospital treatment or institutional care, and for those veterans whose funds had been administered by the Government, in accordance with sections 5, 6 and 7 of the Veterans' Estates Regulations. Individual accounts are maintained and payments are made to beneficiaries pursuant to the appropriate legislative authority.

Veterans administration and welfare trust fund

This account was established to record donations, legacies, gifts, bequests, etc, received, to be disbursed for the benefit of veterans or their dependents under certain conditions, and for the benefit of patients in institutions, in accordance with section 9 of the Guardianship of Veterans' Property Regulations.

Other Specified Purpose Accounts

There are a number of other specified purpose accounts operated by the Government, such as insurance, death benefit and pension accounts. Certain accounts earn interest which is charged to interest on the public debt.

Table 6.33 presents a summary of the balances and transactions for all other specified purpose accounts.

Table 6.33
Other Specified Purpose Accounts

	April 1/2013	Receipts and other credits	Payments and other charges	March 31/2014
	$	$	$	$
Insurance and death benefit accounts —				
Employment and Social Development —				
Civil service insurance fund	4,872,407	507	216,732	4,656,182
National Defence —				
Regular Force Death Benefit Account, Table 6.34	191,561,901	30,103,007	32,413,257	189,251,651
Treasury Board —				
Public Service Death Benefit Account, Table 6.35	3,208,242,034	282,357,340	180,587,713	3,310,011,661
Veterans Affairs —				
Returned soldiers' insurance fund	7,971	1,067	3,028	6,010
Veterans insurance fund	2,483,958	95	568,930	1,915,123
	2,491,929	*1,162*	*571,958*	*1,921,133*
Total insurance and death benefit accounts	3,407,168,271	312,462,016	213,789,660	3,505,840,627
Pension accounts —				
Employment and Social Development —				
Annuities agents' pension account	127	719	494	352
Foreign Affairs, Trade and Development —				
Contributory pension account — Locally engaged Staff	148,269	56,072	84,109	120,232
Public Safety and Emergency Preparedness —				
Royal Canadian Mounted Police —				
Dependants' pension fund	22,676,882	1,152,624	3,071,245	20,758,261
Total pension accounts	22,825,278	1,209,415	3,155,848	20,878,845
Other accounts —				
Agriculture and Agri-Food —				
AgriInvest Program	21,829,623	369,832,819	365,998,084	25,664,358
AgriStability Program	50,356,801	48,819,134	44,661,567	54,514,368
	72,186,424	*418,651,953*	*410,659,651*	*80,178,726*
Atlantic Canada Opportunities Agency —				
Federal-provincial agreement — Advance account	155,914	700,000	509,126	346,788
Canada Revenue Agency —				
Deposits/Disbursements — Workers' Compensation Board	709,534	258,363,502	257,806,067	1,266,969
Canadian Heritage —				
Miscellaneous projects deposits	81,196	306,913	178,510	209,599
Shared-cost/joint project agreements		205,000		205,000
Library and Archives of Canada —				
Special Operating Account	363,550	93,034	108,216	348,368
Telefilm Canada —				
Advance account	45,561,042	130,012,238	126,436,287	49,136,993
	46,005,788	*130,617,185*	*126,723,013*	*49,899,960*
Citizenship and Immigration —				
Immigrant investor program	176,668,244	1,222,495,433	1,286,744,005	112,419,672

Table 6.33
Other Specified Purpose Accounts — *Continued*

	April 1/2013	Receipts and other credits	Payments and other charges	March 31/2014
	$	$	$	$
Employment and Social Development				
Canada Millennium Scholarship Foundation				
Excellence Awards	936,781		936,781	
Federal/provincial collaborative agreement	8,717	48,172,172	48,172,272	8,617
Federal/provincial shared-cost project	404,292	81,885	28,716	457,461
Federal/provincial/territorial shared-cost project				
Interprovincial Computerized Examination Management System (ICEMS)	2,906,177	1,129,341	220,199	3,815,319
Labour standards suspense account	1,517,114	25,705		1,542,819
Provincial funding for collaborative arrangement				
Labour Market Development Agreement (LMDA)				
British Columbia		350	350	
Provincial funding for collaborative arrangement				
Labour Market Development Agreement (LMDA)				
Newfoundland and Labrador	9,353,824	61,549,044	70,902,868	
Provincial funding for collaborative arrangement				
Labour Market Development Agreement (LMDA)				
Nova Scotia		29,035	29,035	
Provincial funding for collaborative arrangement				
Labour Market Development Agreement (LMDA)				
Ontario		6,709	6,709	
	15,126,905	*110,994,241*	*120,296,930*	*5,824,216*
Environment				
Parks Canada Agency				
Miscellaneous projects deposits	2,230,843	865,447	7,188	3,089,102
Finance				
Common school funds — Ontario and Quebec	2,677,771			2,677,771
Foreign claims fund	179,050			179,050
War claims fund — World War II	4,736			4,736
	2,861,557			*2,861,557*
Fisheries and Oceans				
Federal/provincial cost-sharing agreements	419,643	901,836	1,073,322	248,157
Miscellaneous projects deposits	32,738,630	7,899,271	15,647,571	24,990,330
Sales of seized assets	1,060,809	321,197	210,481	1,171,525
	34,219,082	*9,122,304*	*16,931,374*	*26,410,012*
Foreign Affairs, Trade and Development				
Canada Foundation account	332,493	56,546		389,039
Less: securities held in trust	316,618		59,418	376,036
deposits in a special bank account	15,875	2,872		13,003
		59,418	*59,418*	
Financial assistance to Canadians abroad	137,661	1,017,455	892,443	262,673
Funds from non-governmental organizations	3,878,311	8,730,135	8,866,772	3,741,674
Shared-cost projects	9,364,097	8,083,996	8,100,735	9,347,358
Shared-cost projects — Support to various programs (1)	604,944		86,873	518,071
	13,985,013	*17,891,004*	*18,006,241*	*13,869,776*
Health				
Collaborative research projects	2,605,684	318,017	485,635	2,438,066
Miscellaneous federal/provincial projects	1,692,891	117,843	221,425	1,589,309
World Health Organization	108,710	3,881	6,458	106,133
Canadian Food Inspection Agency				
Shared-cost agreements	912,691	951,402	743,022	1,121,071
Public Health Agency of Canada				
Collaborative research projects	1,180,768	1,308,897	707,211	1,782,454
Miscellaneous federal/provincial projects	986,197			986,197
	7,486,941	*2,700,040*	*2,163,751*	*8,023,230*

Table 6.33
Other Specified Purpose Accounts — *Continued*

	April 1/2013	Receipts and other credits	Payments and other charges	March 31/2014
	$	$	$	$
Indian Affairs and Northern Development —				
Indian band funds —				
Shares and certificates	20,000			20,000
Less: securities held in trust	20,000			20,000
Indian moneys suspense account	51,279,114	22,786,120	27,065,449	46,999,785
Indian special accounts	399,535	7,673		407,208
Non-Indian moneys	(534,575)	2,519,582	1,985,007	
Special account — Insurance money to reconstruct Babine Mill		7,616,324	7,616,324	
	51,144,074	*32,929,699*	*36,666,780*	*47,406,993*
Industry —				
Income from securities in trust — *Bankruptcy and Insolvency Act*	52,031			52,031
Petro-Canada Enterprises Inc — Unclaimed shares	689,150			689,150
Securities in trust — *Bankruptcy and Insolvency Act*	31,266			31,266
Less: securities held in trust	31,266			31,266
Shared-cost joint project agreements — Research	84,064	120,000	191,863	12,201
Shared-cost projects	1,058,811	386,396	29,941	1,415,266
Unclaimed dividends and undistributed assets —				
Bankruptcy and Insolvency Act	24,751,822	1,882,295	741,128	25,892,989
Canada Business Corporations Act	9,235,846	264,981	138,719	9,362,108
Winding-up and Restructuring Act	2,187,221		699	2,186,522
Canadian Space Agency —				
Radarsat	97,461			97,461
Statistics Canada —				
Project deposits	913,714	91,162,388	90,908,605	1,167,497
	39,070,120	*93,816,060*	*92,010,955*	*40,875,225*
Justice —				
Courts Administration Service —				
Special account	6,726,995	4,642,590	4,257,032	7,112,553
Offices of the Information and Privacy Commissioners of Canada —				
Shared-cost agreements		14,400	14,400	
	6,726,995	*4,656,990*	*4,271,432*	*7,112,553*
National Defence —				
Foreign governments —				
United Kingdom —				
British Army — Suffield, Alberta	1,370,539	3,078,496	3,097,404	1,351,631
Joint research and development projects	1,908,686	6,792,363	7,025,476	1,675,573
Non-government agencies	4,298,736	2,875,576	3,582,038	3,592,274
Other Non-Statutory Specified Purpose Accounts	1,590,662	3,186,110	1,655,805	3,120,967
Communications Security Establishment —				
Foreign Partners —				
Security	2,002,417	922,860	658,438	2,266,839
	11,171,040	*16,855,405*	*16,019,161*	*12,007,284*
Natural Resources —				
Market development incentive payments — Alberta	3,507,415		208,953	3,298,462
Newfoundland Offshore Revenue Account		596,661,550	596,661,550	
Nova Scotia Offshore Revenue Account		33,772,555	33,772,555	
Shared-cost agreements — Research	4,055,635	2,704,573	2,705,956	4,054,252
Shared-cost projects	981,487	1,644,432	1,806,020	819,899
Canadian Nuclear Safety Commission —				
Security equipment purchases	2,449	6,335	6,290	2,494
	8,546,986	*634,789,445*	*635,161,324*	*8,175,107*
Privy Council Office —				
Shared-cost projects — Media travel expenses	120,513	772,424	742,416	150,521

Table 6.33
Other Specified Purpose Accounts — *Concluded*

	April 1/2013	Receipts and other credits	Payments and other charges	March 31/2014
	$	$	$	$
Public Safety and Emergency Preparedness				
Royal Canadian Mounted Police				
Joint research and development projects	1,096,695	272,738	187,540	1,181,893
Public Works and Government Services				
Credit card — Special project fund	924,992		924,992	
Military purchases excess funds deposit	187,597,835		17,543,496	170,054,339
Less: securities held in trust	187,597,835	17,543,496		170,054,339
		17,543,496	*17,543,496*	
	924,992	*17,543,496*	*18,468,488*	
Transport				
Shared-cost agreements — Remediation projects	24,540,000			24,540,000
Veterans Affairs				
Shared-cost agreements	10,377	5,038	12,142	3,273
Total	515,037,519	2,972,491,907	3,042,832,587	444,696,839
Less: consolidation adjustment [2]	45,561,000	3,575,993		49,136,993
Total other accounts	469,476,519	2,968,915,914	3,042,832,587	395,559,846
Total other specified purpose accounts	3,899,470,068	3,282,587,345	3,259,778,095	3,922,279,318

(1) Canadian International Development Agency was amalgamated with the Department of Foreign Affairs, Trade and Development on June 26, 2013 following the Royal Assent of Bill C-60.

(2) Additional information on consolidated Crown corporations and other entities is provided in Section 4 of this volume.

Civil service insurance fund

This account was established by the *Civil Service Insurance Act*, introduced to enable the Minister of Finance to contract with a person appointed to a permanent position in any branch of the public service, for the payment of certain death benefits. No new contracts have been entered into since 1954, when the Supplementary Death Benefit Plan for the Public Service and Canadian Forces was introduced as part of the *Public Service Superannuation Act* and the *Canadian Forces Superannuation Act*, respectively.

The number of policies in force as of March 31, 2014 was 708 and the average age of the policyholders was 92.3 years. During the year, premiums of $507 were received. Death benefits, settlement annuities and premium refunds of $203,486 were paid during 2013-2014.

According to the actuarial valuation and with the prescribed actuarial assumptions, the liabilities in respect of the benefits provided under the Act are estimated at $4,656,182 as at March 31, 2014. The balance in the Account as at March 31, 2014 is $4,669,428. The surplus as at March 31, 2014 is therefore $13,246. Pursuant to subsection 16(3) of the Civil Service Insurance Regulations, an amount of $13,246 has therefore been debited to the Account in 2013-2014.

Regular Force Death Benefit Account

This account was established by the *Canadian Armed Forces Superannuation Act* to provide life insurance to contributing members and former members of the Canadian Armed Forces. Receipts and other credits consist of: *(a)* contributions by participants; *(b)* Government's contribution paid in respect of participants; *(c)* single premiums payable by the Government in respect of participants who became entitled to a basic benefit of $5,000 without contribution; and *(d)* interest.

Payments and other charges consist of: *(a)* benefits paid in respect of participants; *(b)* benefits paid in respect of elective; and *(c) the portion of benefit payable for which a single premium has been paid by the Government.*

Table 6.34

Regular Force Death Benefit Account

	2013-2014	2012-2013
	$	$
Opening balance	191,561,901	190,303,098
Receipts and Other Credits —		
Employee contributions	17,436,101	16,983,196
Employer contributions —		
Government —		
General	2,065,097	1,794,764
Single premiums payable by the Government in respect of Regular Force participants who became entitled to a basic benefit of $5,000 without contribution	574,713	620,511
Interest	10,027,096	10,504,170
	30,103,007	29,902,641
	221,664,908	220,205,739
Payments and Other Charges —		
Payment of benefits —		
Benefits paid in respect of participants who, at the time of death, were members of the Regular Force, or who were elective Regular Force participants	32,413,257	28,643,838
Closing balance	189,251,651	191,561,901

Public Service Death Benefit Account

This account was established under the *Public Service Superannuation Act* to provide life insurance to contributing members of the Public Service.

The account is credited with: *(a)* contributions by employees; *(b)* contributions by the Government and Public Service corporations; and *(c)* interest. Payments and other charges represent: *(a)* benefits paid in respect of participants who, at the time of death, were employed in the Public Service, or were in receipt of an annuity under Part I of the *Public Service Superannuation Act*; and *(b)* benefits of $10,000 paid in respect of participants who, at the time of death, were employed in the Public Service or were in receipt of an annuity under Part I of the *Public Service Superannuation Act*, and on whose behalf a single premium for $10,000 death benefit coverage for life has been made.

Table 6.35
Public Service Death Benefit Account

	2013-2014	2012-2013
	$	$
Opening balance	3,208,242,034	3,080,791,499
Receipts and Other Credits —		
Employee contributions —		
Active members —		
Public service employees	69,171,785	70,035,258
Public service corporations	4,909,844	4,739,082
Retired employees	22,578,634	20,722,501
Employer contributions —		
Public service corporations	1,315,296	1,264,435
Death benefit - general	11,456,742	9,806,738
Death benefit - single premium for $10,000	2,793,056	2,684,589
Interest	170,131,983	172,062,762
	282,357,340	281,315,365
	3,490,599,374	3,362,106,864
Payments and Other Charges —		
Benefit payments —		
General	117,143,304	117,525,672
Life coverage for $10,000	43,106,804	36,183,978
Other death benefit payments	337,605	155,180
	160,587,713	153,864,830
Closing balance	3,330,011,661	3,208,242,034

Returned soldiers' insurance fund

This fund was established by the *Returned Soldiers' Insurance Act* to provide life insurance to contributing veterans of World War I. The account is credited with premiums and is charged with disbursements for death benefits and cash surrender values. The account is actuarially maintained and an actuarial liability adjustment as at March 31, 2013, of $1,067 was credited to the account during the year and was charged to expenditures. The final date on which application for this insurance could have been received was August 31, 1933.

Veterans' insurance fund

This fund was established by the *Veterans' Insurance Act* to provide life insurance to contributing veterans of World War II. The account is credited with premiums and is charged with disbursements for death benefits and cash surrender values. The account is actuarially maintained and an actuarial liability adjustment as at March 31, 2013, of $46,793 was charged to the account during the year and was credited to revenues. The final date on which application for this insurance could have been received was October 31, 1968.

Annuities agents' pension account

This account was established by Vote 181, *Appropriation Act No. 1, 1961*, to provide pension benefits to former eligible Government employees who were engaged in selling Government annuities to the public.

Contritutory pension account — Locally engaged Staff

This account was established to record benefits paid to locally engaged staff hired prior to March 1, 2009 at the Canadian High Commission in Guyana upon termination of their employment. The specified purpose account was established following the liquidation of CLICO Life and General Insurance Company (South America) Limited.

Dependants' pension fund

This fund, which pertains to Part IV of the *Royal Canadian Mounted Police Pension Continuation Act*, provides pension benefits to certain widows and other dependants of Constables of the Royal Canadian Mounted Police, who purchased pension benefits between October 1, 1934 and March 1, 1949. There are no longer any active members amongst the contributors.

AgriInvest Program

The AgriInvest Program is a savings account designed to help producers cover small margin declines.

The AgriInvest Program is cost-shared with provinces and territories on a 60/40 basis. The provinces and territories are invoiced for their share of the contributions, which are held in the specified purpose accounts until they are applied and transferred to the producer accounts. The funds in the producers specified purpose accounts are then drawn down as AgriInvest account holders request withdrawals or when the funds are transferred to a financial institution.

Starting with the 2009 program year, producers are required to make their AgriInvest deposits at a financial institution of their choice and any funds which were previously held by the federal government will be transferred to the new accounts.

AgriStability Program

The AgriStability Program is designed to cover larger margin declines caused by circumstances such as low prices, production losses, and rising input costs.

The AgriStability Program is cost-shared with provinces and territories on a 60/40 basis. Producers are charged a fee in order to participate in the program, which covers a portion of the program expenditure. The provinces and territories as well as producers are invoiced for their share of the contributions, which are held in the specified purpose accounts. These funds are drawn down as applications are processed and benefits are paid out.

Federal/provincial agreement — Advance account

This account was established to record deposits from non-federal partners for their share of costs under various projects. Funds are disbursed on behalf of contributors as projects are undertaken. Unused funds are to be returned to contributors.

Deposits/Disbursements — Workers' Compensation Board

This account was established under the authority of the *Canada Revenue Agency Act* and the *Workers' Compensation Act*, to enable the Canada Revenue Agency (CRA) to record and forward on daily basis, funds received from Nova Scotia employers to the Workers' Compensation Board of Nova Scotia (Board), as part of a partnership arrangement between the CRA and the Board.

Miscellaneous projects deposits — Canadian Heritage

This account was established to record contributions received from organizations and individuals for various projects.

Shared-cost/joint project agreements — Canadian Heritage

This account was established to record monies received from other governments and organizations in order to cover expenditures incurred under various shared-cost/joint project agreements.

Special Operating Account

This account was established pursuant to section 18 of the *Library and Archives of Canada Act*, which also directed that *(a)* the account be credited with funds received for the purpose of the Library and Archives Canada by way of donation, bequest or otherwise and *(b)* any amounts required for the purpose of the Act may be paid out of the account or out of money appropriated by Parliament for such purposes.

Advance account — Telefilm Canada

This account was established pursuant to section 19 of the *Telefilm Canada Act*, to reserve for use in future years the revenues and recoveries generated from projects funded by Telefilm Canada.

Immigrant investor program

This account was established to record the receipt and disbursement of amounts received under the Immigrant Investor Program in accordance with section 12(2) of the *Immigration and Refugee Protection Act* and section 91(d) of the Immigration and Refugee Protection Regulations. This program allows qualified immigrants to gain permanent residence in Canada by making an investment in the Canadian economy.

Canada Millennium Scholarship Foundation Excellence Awards

The account was established pursuant to Part 4 of the *Budget Implementation Act, 2008*, and to the agreement between the Canada Millennium Scholarship Foundation (CMSF), Employment and Social Development Canada (ESDC), and Treasury Board, to transfer funds from the CMSF to ESDC for the purpose of making any remaining payments due to students who are receiving CMSF Excellence Awards where the payment eligibility period extends past the date of dissolution of the CMSF, and for payment of the costs of administering this program on behalf of the CMSF.

The amount transferred was $14,824,352. ESDC administered the remaining Excellence Awards Disbursements until December 31, 2013. ESDC transferred the funds remaining in the account to the Consolidated Revenue Fund, as per Part 4 of the *Budget Implementation Act, 2008*.

During the year, the account was closed.

Federal/provincial collaborative agreement

This account was established to record amounts received by Employment and Social Development from a province as funding under the provisions of a collaborative agreement with the province.

Federal/provincial shared-cost project — Employment and Social Development

This account was established to record the deposit of advance payments made by provinces towards the costs of projects and programs for which there is a cost-sharing agreement with the federal Government. Disbursements are made to pay the provinces' share of costs per official agreements or to refund unused amounts.

Federal/provincial/territorial shared-cost project — Interprovincial Computerized Examination Management System (ICEMS)

This account was established to record advance payments received from provinces and territories to pay for the development and annual operating costs of the ICEMS. Advance payments are made pursuant to the "Agreement on a Joint Project to develop and implement an ICEMS" and the Capital Contingency Fund Policy. The costs incurred are charged to the account and any unexpended funds will be returned to the provinces and territories at the end of the ICEMS project.

Labour standards suspense account

This account was established under the authority of section 23 of the Canada Labour Standards Regulations to record wages received by the Minister of Labour from employers who cannot locate employees. Efforts are then made to locate employees. Wages are paid out when employees are located or when employees contact the department for payment.

Provincial funding for collaborative arrangement — Labour Market Development Agreement (LMDA) — British Columbia

This account was established to record deposits of payments from the Province of British Columbia to Employment and Social Development under the LMDA. The funding which was provided by the Province was used by Employment and Social Development to make payments to provincial LMDA clients. However, in 2012-2013, the Province began to make payments directly to their clients and the unused balance of the specified purpose account was reimbursed to the Province.

During the year, the account was closed.

Provincial funding for collaborative arrangement — Labour Market Development Agreement (LMDA) — Newfoundland and Labrador

This account was established to record deposits of payments from the Province of Newfoundland and Labrador to Employment and Social Development under the LMDA. The funding which was provided by the Province is used by Employment and Social Development to make payments to provincial LMDA clients. During the exercise, the Province began to make payments directly to their clients and the unused balance of the specified purpose account was reimbursed to the Province.

During the year, the account was closed.

Provincial funding for collaborative arrangement — Labour Market Development Agreement (LMDA) — Nova Scotia

This account was established to record deposits of payments from the Province of Nova Scotia to Employment and Social Development under the LMDA. The funding which was provided by the Province was used by Employment and Social Development to make payments to provincial LMDA clients. However, in 2012-2013, the Province began to make payments directly to their clients and the unused balance of the specified purpose account was reimbursed to the Province.

During the year, the account was closed.

Provincial funding for collaborative arrangement — Labour Market Development Agreement (LMDA) — Ontario

This account was established to record deposits of payments from the Province of Ontario to Employment and Social Development under the LMDA. The funding which was provided by the Province was used by Employment and Social Development to make payments to provincial LMDA clients. However, in 2011-2012, the Province began to make payments directly to their clients and the unused balance of the specified purpose account was reimbursed to the Province.

During the year, the account was closed.

Miscellaneous projects deposits — Parks Canada Agency

This account was established to record contributions received from organizations and individuals for various projects.

Common school funds — Ontario and Quebec

This account was established under *12 Victoria 1849*, Chapter 200, to record the proceeds from the sale of lands set apart for the support and maintenance of common schools in Upper and Lower Canada, now Ontario and Quebec. Interest of $133,889, apportioned on the basis of population, is paid directly to these provinces on a semi-annual basis, at the rate of 5 percent per annum, and is charged to interest on the public debt.

Foreign claims fund

This account was established by *Vote 22a, Appropriation Act No. 9, 1966*, to record: *(a)* such part of the money received from the Custodian of Enemy Property, proceeds of the sale of property and the earnings of property, and, *(b)* all amounts received from governments of other countries pursuant to agreements entered into after April 1, 1966 relating to the settlement of Canadian claims, and also records payment of claims submitted, including payment of the expenses incurred in investigating and reporting on such claims.

War claims fund — World War II

This account was established by Vote 696, *Appropriation Act No. 4, 1952*, to record funds received from the Custodian of Enemy Property or from other sources, and payments: *(a)* to eligible claimants for compensation in respect of World War II; *(b)* of a supplementary award amounting to 50 percent of the original award (PC 1958-1467, October 23, 1958); and, *(c)* of expenses incurred in investigating and reporting on claims.

A War Claims Commission was established to enquire into and report on claims made by Canadians arising out of World War II for which compensation may be paid from this or any other fund established for the purpose. The expenses of the Commission are chargeable hereto.

Federal/provincial cost-sharing agreements

This account was established to record the deposit of funds received from the provinces for cost-shared programs according to official signed agreements.

Miscellaneous projects deposits — Fisheries and Oceans

This account was established to record contributions received from organizations and individuals, for the advancement of research work.

Sales of seized assets

The account was established to record the proceeds of the sale of seized items by the Department of Fisheries and Oceans from a person contravening the *Fisheries Act*. Funds so received are held in the Consolidated Revenue Fund pending final resolution of the case by the Minister of Fisheries and Oceans or the courts.

Canada Foundation account

This account was established by Vote 6g, *Appropriation Act No. 2, 1967*, to record funds received in connection with the Civilian Relief Agreement of 1950, and the Cultural Agreement of 1954 between Canada and Italy, and disbursements for the purposes of the said agreements.

Financial assistance to Canadians abroad

This account was established to record funds received from families or friends as prepayment for financial assistance to distressed Canadians abroad.

Funds from non-governmental organizations

This account was established to record funds received as prepayment for services to be performed by the Department of Foreign Affairs, Trade and Development on behalf of third parties.

Shared-cost projects — Foreign Affairs, Trade and Development

This account was established to record funds received from organizations outside the Government of Canada accounting entity for shared-cost projects.

Shared-cost projects — Support to various programs

This account was established to record deposits received and payments made in accordance with authorities for shared-cost projects to support various development programs.

Collaborative research projects — Health

This account was established to record funds received from client groups for cost shared and joint project research agreements.

Miscellaneous federal/provincial projects — Health

This account was established to record transactions relating to the provinces/territories share of costs incurred under federal/provincial cost-sharing agreements for joint federal/provincial/territorial projects which address health issues which are national in scope.

World Health Organization

This account was established to record funds received from the World Health Organization, for scientific projects.

Shared-cost agreements — Canadian Food Inspection Agency

This account was established to record amounts deposited by external parties for shared-cost research projects. Funds are disbursed on behalf of depositors as specific projects are undertaken.

Collaborative research projects — Public Health Agency of Canada

This account was established to record funds received from client groups for cost shared and joint project research agreements.

Miscellaneous federal/provincial projects — Public Health Agency of Canada

This account was established to record transactions relating to the provinces/territories share of costs incurred under federal/provincial cost-sharing agreements for joint federal/provincial/territorial projects which address health issues which are national in scope.

Indian band funds — Shares and certificates

This account was established under the *Indian Act*, to record the historical value of TransAlta Utilities Corporation shares received as compensation for a power line right-of-way on the Blood Indian reserve. These shares are held in the name of the Receiver General for Canada for the credit of the Blood Indian Band.

Indian moneys suspense account

This account was established to hold moneys received for individual Indians and bands, that cannot be disbursed to an Indian, or credited to an Indian Band Fund or Individual Trust Fund account, pending execution of the related lease, permit or licence, settlement of litigation, registration of the Indian or identification of the recipient.

Indian special accounts

Indian special accounts represent a number of non-interest bearing accounts which are maintained for specific purpose and include the following:

(a) Quebec fur account — This account was established to record funds received from the sales of pelts trapped on reserves in the Abitibi District in Quebec, to defer charges for tallymen's wages, freight costs, etc. No activity was reported in the current year.

(b) Fines — *Indian Act* — Fines collected as defined in section 104 of the *Indian Act*, are credited to this account for the benefit of the bands or members of the bands. Expenditures may be made per the direction of the Governor in Council to cover certain costs in the administration or promotion of the purpose of the relative law.

Non-Indian moneys

This account was established as per Article 5.08 (a)(ii) of the Saskatchewan Treaty Land Entitlement Framework Agreement to collect "Provincial Mineral Revenues" on behalf of the Province of Saskatchewan and remit the same in the manner as described in an agreement between the two parties.

Special Account — Insurance money to reconstruct Babine Mill

This account was established pursuant to an agreement between the Department of Indian Affairs and Northern Development and Babine Forest Products Limited. The funds in this account are used to repair the damages caused to the sawmill and other buildings leased by the Department.

Income from securities in trust — *Bankruptcy and Insolvency Act*

This account was established by sections 78, 84, 154 and 194 of the *Bankruptcy and Insolvency Act*, to record dividends paid on stocks originally held by a bankrupt stockbroker but subsequently sold to clients. As the stocks were not registered in the clients' names, the dividends must be paid to the last registered owner, in this case, the stockbroker. The dividends are forwarded to the Superintendent of Bankruptcy for safekeeping.

Petro-Canada Enterprises Inc — Unclaimed shares

This account was established by Section 227 of the *Canada Business Corporation Act* to record the liability to shareholders who have not presented their shares for payment.

Securities in trust — *Bankruptcy and Insolvency Act*

This account was established by section 67 of the *Bankruptcy and Insolvency Act*, to record the value of securities originally held by a bankrupt stockbroker, on behalf of clients who have not been located.

Shared-cost/joint project agreements — Research

This account was established to record funds received from other governments and organizations in order to cover expenditures incurred under various shared-cost/joint project agreements.

Shared-cost projects — Industry

This account was established to record funds received from other governments and organizations in order to cover expenditures incurred under various shared-cost/joint project agreements.

Unclaimed dividends and undistributed assets — *Bankruptcy and Insolvency Act*

This account represents amounts credited to the Receiver General in accordance with the provisions of section 154 of the *Bankruptcy and Insolvency Act*, pending distribution to creditors.

Unclaimed dividends and undistributed assets — *Canada Business Corporations Act*

This account was established in accordance with sections 227 and 228 of the *Canada Business Corporations Act*, for the purpose of recording liabilities to creditors and shareholders who have not been located. The account is charged when funds are paid to them.

Unclaimed dividends and undistributed assets — *Winding-up and Restructuring Act*

This account records amounts credited to the Receiver General, in accordance with sections 138 and 139 of the *Winding-up and Restructuring Act*, pending distribution.

Radarsat

This account was established to record funds received for both cost-sharing and advance payments for Radarsat scenes.

Project deposits — Statistics Canada

This account was established to record deposits received from outside parties to secure payments for special statistical services.

Special account — Courts Administration Service

This account was established to maintain accounts on behalf of litigants before the Federal Court and Federal Court of Appeal. These accounts record the funds paid into the Federal Court and Federal Court of Appeal, pursuant to an order of the Courts, rules of the Courts or statutes, to be held pending payment of such funds, in accordance with an order/judgment of these Courts.

Shared-cost agreements — Offices of the Information and Privacy Commissioners of Canada

This account was established to record deposits received from organizations outside the Government of Canada accounting entity and payments made in accordance with a letter of agreement for shared-costs to assume part of the Investigators' conference held in May 2013.

During the year, the account was closed.

Foreign governments

These accounts were established to record funds received from foreign governments, to cover expenditures to be made on their behalf, in accordance with the provisions of agreements with the Government of Canada.

Joint research and development projects — National Defence

This account was established to record funds received from other governments and organizations through collaborative relationships where the work is shared between the government of Canada and other laboratories.

Non-government agencies

This account was established to record funds received for expenditures made on behalf of non-government agencies, for which specific accounts have not been established.

Other Non-Statutory Specified Purpose Account

This account was established to record funds received and payments by the Department of National Defence for the sale of jointly owned assets that must be redistributed to foreign governments.

Foreign Partners

These accounts were established to record funds received from foreign partners, to cover expenditures to be made on their behalf, in accordance with the provisions of agreements with the Government of Canada.

Market development incentive payments — Alberta

This account records funds received from the Government of Alberta, to encourage the expansion of natural gas markets in Alberta and provinces to the East, in accordance with an agreement between the Government of Canada and the Government of Alberta dated September 1, 1981 and pursuant to section 39 of the *Energy Administration Act*. The original term of the agreement was from November 1, 1981 to January 31, 1987. As a result of the Western Accord of March 25, 1985, payments from the Government of Alberta terminated as at April 30, 1986; however, payments continued to be made from the account for selected programs, which encouraged the use of natural gas for vehicles.

More recently, a new strategy for the expenditure of these funds has been agreed upon. This strategy consists of a 50/50 split for expending the remaining funds in support of natural gas (NG) market expansion activities related to transportation and combined heat and power applications.

Newfoundland Offshore Revenue Account

This account was established pursuant to section 214 of the *Canada-Newfoundland Atlantic Accord Implementation Act* to facilitate the sharing of certain revenues accruing from oil and gas activities in the Canada-Newfoundland and Labrador offshore area with the Province of Newfoundland and Labrador. Through statutory provisions of the Act, an amount equal to certain offshore revenues (taxes, royalties and miscellaneous revenues) is credited to this account and subsequent payments to the Province of Newfoundland and Labrador are charged thereto.

Nova Scotia Offshore Revenue Account

This account was established pursuant to section 219 of the *Canada-Nova Scotia Offshore Petroleum Resources Accord Implementation Act* to facilitate the sharing of certain revenues accruing from oil and gas activities in Canada-Nova Scotia offshore area with the Province of Nova Scotia. Through statutory provisions of the Act, an amount equal to certain offshore revenues (taxes, royalties and miscellaneous revenues) is credited to this account and subsequent payments to the Province of Nova Scotia are charged thereto.

Shared-cost agreements — Research — Natural Resources

This account was established to facilitate the retention and disbursement of funds received from private industries and other governments for joint projects or shared-cost research agreements.

Shared-cost projects — Natural Resources

This account was established to facilitate the retention and disbursement of funds received from private organizations and other governments for cost-sharing scientific projects.

Security equipment purchases

Funds deposited in this account by licensees are used to provide for payment of purchases of security equipment for the licensees' facilities in accordance with security arrangements mandated pursuant to the *Nuclear Safety and Control Act*.

Shared-cost projects — Media travel expenses

This account records medias' (non-governmental organizations) reimbursements for travel arrangement services rendered to them.

Joint research and development projects — Royal Canadian Mounted Police

This account was established to record funds received from other government organizations in order to share costs incurred under various research project agreements, technical requirements and system improvements.

Credit card — Special project fund

This account was established to record funds received from American Express (AMEX) to improve the Travel Card Program.

Military purchases excess funds deposit

This account was established by a written agreement between Canada and the United States, to record temporarily unused funds paid to the United States Government under contracts for purchases of military equipment. The funds are invested by the Federal Reserve Bank of New York to earn interest for the Government of Canada.

Shared-cost agreements — Remediation Projects

This account was established to record funds received from external parties in order to cover expenditures incurred under shared-cost remediation projects.

Shared-cost agreements — Veterans Affairs

This account was established to record transactions relating to share of costs incurred under federal/provincial cost-sharing agreements and funding for research and other projects at Sainte Anne's Hospital.

Supplementary Statements

Canada Pension Plan

Management's Responsibility for Financial Statements

The consolidated financial statements of the Canada Pension Plan are prepared in accordance with Canadian public sector accounting standards by the management of Employment and Social Development Canada. Management is responsible for the integrity and objectivity of the information in the financial statements, including the amounts which must, of necessity, be based on best estimates and judgement. The significant accounting policies are identified in Note 2 to the financial statements. The financial information presented throughout the Annual Report is consistent with the financial statements.

To fulfill its accounting and reporting responsibilities, management has developed and maintains books of account, financial and management controls, information systems and management practices. These systems are designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded and that transactions are properly authorized and recorded in accordance with the *Canada Pension Plan*, the *Canada Pension Plan Investment Board Act* and the *Financial Administration Act* and their accompanying regulations.

The Auditor General of Canada, the external auditor of the Canada Pension Plan, conducts an independent audit of the consolidated financial statements in accordance with Canadian generally accepted auditing standards and provides a report to the Minister of Employment and Social Development.

Ian Shugart
Deputy Minister
Employment and Social Development Canada

Alain P. Séguin, MBA, CPA, CGA
Chief Financial Officer
Employment and Social Development Canada

Gatineau, Canada
August 27, 2014

Canada Pension Plan — *Continued*

Independent Auditor's Report

To the Minister of Employment and Social Development

I have audited the accompanying consolidated financial statements of the Canada Pension Plan, which comprise the consolidated statement of financial position as at 31 March 2014, and the consolidated statement of operations, consolidated statement of changes in financial assets available for benefit payments and consolidated statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Canada Pension Plan as at 31 March 2014, and the results of its operations, changes in its financial assets available for benefit payments, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Michael Ferguson, CPA, CA
FCA (New Brunswick)
Auditor General of Canada

27 August 2014
Ottawa, Canada

Canada Pension Plan — *Continued*

Consolidated Statement of Financial Position
as at March 31

(in millions of dollars)

	2014	2013
Financial assets		
Cash (Note 3)	167	92
Receivables (Note 4)	4,519	4,999
Investments (Note 6)	251,728	208,971
Amounts receivable from pending trades (Note 6)	2,251	2,580
	258,665	216,642
Liabilities		
Payables and accrued liabilities (Note 8)	927	910
Investment liabilities (Note 6)	32,877	24,301
Amounts payable from pending trades (Note 6)	1,979	3,779
	35,783	28,990
Financial assets available for benefit payments	**222,882**	**187,652**
Non-financial assets		
Tangible capital assets	327	72
Assets available for benefit payments	**223,209**	**187,724**

Actuarial obligation in respect of benefits (Note 13)
Contractual obligations (Note 14)
Contingent liabilities (Note 15)
The accompanying notes are an integral part of these consolidated financial statements.

Approved by:

Ian Shugart
Deputy Minister
Employment and Social Development Canada

Alain P. Séguin, MBA, CPA, CGA
Chief Financial Officer
Employment and Social Development Canada

Canada Pension Plan — *Continued*

Consolidated Statement of Operations
for the year ended March 31

(in millions of dollars)

	Budget 2014	Actual 2014	Actual 2013
	(Note 9)		
Revenues			
Contributions	42,914	43,181	41,655
Net investment income (Note 10)			
Realized gains		6,099	4,406
Unrealized gains		19,987	8,003
Interest income		2,834	2,582
Dividend income		1,872	1,722
Other income		1,084	985
Transaction costs		(216)	(177)
Investment management fees		(947)	(782)
	9,302	30,713	16,739
	52,216	73,894	58,394
Expenses			
Pensions and benefits			
Retirement	28,297	28,188	26,624
Survivor	4,356	4,248	4,221
Disability	4,166	4,002	3,948
Disabled contributor's child	328	300	305
Death	316	333	313
Orphan	235	217	221
Post-Retirement		85	10
Net overpayments (Note 4)		(49)	(52)
	37,698	37,324	35,590
Operating expenses (Note 12)	1,025	1,085	1,076
	38,723	38,409	36,666
Net increase in assets available for benefit payments	13,493	35,485	21,728
Assets available for benefit payments, beginning of year	**187,724**	**187,724**	**165,996**
Assets available for benefit payments, end of year	**201,217**	**223,209**	**187,724**

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Financial Assets available for Benefit Payments
for the year ended March 31

(in millions of dollars)

	Budget 2014	Actual 2014	Actual 2013
	(Note 9)		
Net increase in assets available for benefit payments	13,493	35,485	21,728
Changes in other assets		(255)	(13)
Increase in financial assets available for benefit payments	13,493	35,230	21,715
Financial assets available for benefit payments, beginning of year	**187,652**	**187,652**	**165,937**
Financial assets available for benefit payments, end of year	**201,145**	**222,882**	**187,652**

The accompanying notes are an integral part of these consolidated financial statements.

Canada Pension Plan — *Continued*

Consolidated Statement of Cash Flow
for the year ended March 31

(in millions of dollars)

	2014	2013
Operating activities		
Cash receipts		
Contributions	43,659	41,428
Dividends on investments	1,644	1,627
Interest on investments	2,899	2,452
Other investment income	926	818
Cash payments		
Pensions and benefits	(37,284)	(35,633)
Operating expenses	(1,075)	(891)
Investment management fees	(338)	(442)
Transaction costs	(198)	(181)
Payment of interest on debt	(76)	(71)
Cash flows from operating activities	**10,157**	**9,107**
Capital Activities		
Acquisition of tangible capital assets	(286)	(39)
Cash flows used in capital activities	**(286)**	**(39)**
Financing activities		
Issuance of debt	36,405	38,480
Repayment of debt	(36,401)	(31,394)
Cash flows from financing activities	**4**	**7,086**
Investing activities		
Purchases		
Equities	(95,553)	(113,201)
Real Assets	(6,079)	(3,990)
Bonds and inflation-linked bonds	(329,463)	(138,111)
Money market securities and absolute return strategies	(2,543,342)	(1,504,954)
Other debts	(7,229)	(7,681)
Disposals		
Equities	94,746	108,950
Real Assets	2,884	951
Bonds and inflation-linked bonds	326,986	130,840
Money market securities and absolute return strategies	2,542,212	1,505,552
Other debts	5,038	5,431
Cash flows used in investing activities	**(9,800)**	**(16,213)**
Net increase (decrease) in cash	**75**	**(59)**
Cash, beginning of year	**92**	**151**
Cash, end of year	**167**	**92**

The accompanying notes are an integral part of these consolidated financial statements.

Canada Pension Plan — *Continued*

Notes to Consolidated Financial Statements for the year ended March 31, 2014

1. Authority, objective and responsibilities

(a) Description of the Canada Pension Plan

The Canada Pension Plan (CPP) is a federal/provincial plan established by an Act of Parliament in 1965. The CPP is administered by the Government of Canada and the participating provinces.

The CPP began operations in 1966. It is a compulsory and contributory social insurance program operating in all parts of Canada, except Quebec, which operates the Régime de rentes du Québec (RRQ), a comparable program. The CPP's objective is to provide a measure of protection to workers and their families against the loss of earnings due to retirement, disability or death. The CPP is financed by contributions and investment returns. Employers and employees pay contributions equally to the CPP. Self-employed workers pay the full amount.

The Minister of Employment and Social Development is responsible for the administration of the CPP, under the legislation *Canada Pension Plan*; the Minister of National Revenue is responsible for collecting contributions. The Minister of Finance and his provincial counterparts are responsible for setting CPP contribution rates, pension and benefit levels and funding policy. The CPP Investment Board (CPPIB) is responsible for managing the amounts that are being transferred under Section 108.1 of the *Canada Pension Plan*. It acts in the best interests of the beneficiaries and contributors under the Act.

In accordance with the *Canada Pension Plan*, the financial activities of the CPP are recorded in the CPP Account (Note 3). The financial transactions affecting the Account are governed by the *Canada Pension Plan* and its regulations. The CPP's investments are held by the CPPIB. The CPPIB was established pursuant to the *Canada Pension Plan Investment Board Act (CPPIB Act)*. The CPPIB is a federal Crown corporation and all of its shares are owned by Her Majesty the Queen in right of Canada.

The CPPIB's transactions are governed by the *CPPIB Act* and its accompanying regulations. The CPPIB's assets are to be invested with a view to achieving a maximum rate of return without undue risk of loss, with regard to the factors that may affect the funding of the CPP and its ability to meet its financial obligations on any given business day.

The CPPIB and its wholly-owned subsidiaries are exempt from Part I income tax under paragraphs 149(1)(d) and 149 (1)(d.2) of the *Income Tax Act (Canada)* on the basis that all of the shares of the CPPIB and its subsidiaries are owned by Her Majesty the Queen in right of Canada or by a corporation whose shares are owned by Her Majesty the Queen in right of Canada, respectively.

The CPPIB is designed to operate at arm's length from the government. It is required to be accountable to the public, Parliament (through the federal Minister of Finance) and the provinces. It provides regular reports of its activities and the results achieved. The financial statements of the CPPIB are audited annually by an external firm and are included in its annual report.

As stated in the *Canada Pension Plan* and *CPPIB Act*, changes to these Acts require the approval of at least two-thirds of the provinces that have, in the aggregate, not less than two-thirds of the population of all included provinces.

(b) Pensions and Benefits

Retirement pensions – A retirement pension is payable to CPP contributors at age 60 or older, according to the provisions of the Act. The monthly amount is equal to 25 percent of the contributor's average monthly pensionable earnings during the pensionable period. The amount is reduced or increased depending upon whether the contributor applies for a retirement pension before or after age 65. The maximum new monthly pension payable at age 65 in 2014 is $1,038.33 (2013 – $1,012.50).

Post-retirement benefits – A post-retirement benefit (PRB) pension is payable to each retirement pension recipient who has continued to work and has made contributions to the PRB while between the ages of 60 and 70, according to provisions of Bill C-51 of 2009. The PRB payments to eligible contributors came into effect on January 1st, 2013. The maximum new monthly PRB at age 65 in 2014 is $25.96 (2013 – $25.31).

Disability benefits – A disability benefit is payable to a contributor who is disabled, according to the provisions of the Act. The amount of the disability benefit to be paid includes a flat-rate portion and an amount equal to 75 percent of the earned retirement pension. The maximum new monthly disability benefit in 2014 is $1,236.35 (2013 – $1,212.90).

Survivor's benefits – A survivor's benefit is payable to the spouse or common-law partner (the beneficiary) of a deceased contributor, according to the provisions of the Act. For a beneficiary under the age of 65, the benefit consists of a flat-rate portion and an amount equal to 37.5 percent of the deceased contributor's earned retirement pension. A beneficiary between the ages of 35 and 45 who is not disabled or who has no dependent children receives reduced benefits. For beneficiaries aged 65 and over, the benefit is equal to 60 percent of the retirement pension granted to the deceased contributor. The maximum new monthly benefit payable to a beneficiary in 2014 is $623.00 (2013 – $607.50).

Canada Pension Plan — *Continued*

Notes to Consolidated Financial Statements for the year ended March 31, 2014 — *Continued*

Disabled contributor's child and orphan benefits – According to the provisions of the Act, each child of a contributor who is receiving disability benefits or a child of a deceased contributor is entitled to a benefit as long as the child is under the age of 18, or is between the ages of 18 and 25 and attending school full-time. The flat-rate monthly benefit in 2014 is $230.72 (2013 – $228.66).

Death benefits – According to the provisions of the Act, a death benefit is a one-time payment to, or on behalf of, the estate of a contributor. The death benefit is a lump-sum payment that amounts to six times the amount of the deceased contributor's monthly retirement pension, up to a maximum, in 2014, of $2,500 (2013 – $2,500).

Pensions and benefits indexation – As required by the Act, pensions and benefits are indexed annually based on the Consumer Price Index for Canada. The rate of indexation for 2014 is 0.9 percent (2013 – 1.8 percent).

2. Significant accounting policies

(a) Basis of presentation

These financial statements are presented on a consolidated basis. They include the consolidated statement of financial position, the consolidated statement of operations, the consolidated statement of changes in financial assets available for benefit payments and the consolidated statement of cash flow of the CPP and the CPPIB. These financial statements are prepared in accordance with Canadian public sector accounting standards (PSAS).

The CPP, which is managed by both the Government of Canada and participating provinces, is not considered to be part of the reporting entity of the Government of Canada. Accordingly, its financial activities are not consolidated with those of the Government.

(b) Valuation of investments, investment receivables and investment liabilities

Investments, investment receivables and investment liabilities are recorded on a trade date basis and are stated at fair value. Fair value is an estimate of the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

In an active market, fair value is best evidenced by an independent quoted market price. In the absence of an active market, fair value is determined by valuation techniques that make maximum use of inputs observed from markets. These valuation techniques include using recent arm's length market transactions, if available, or current fair value of another investment that is substantially the same, discounted cash flow analysis, pricing models and other accepted industry valuation methods.

(c) Contributions

Contributions include CPP contributions earned for the year. The Canada Revenue Agency (CRA) collects contributions and measures them using the assessment of tax returns. In determining the amount of contributions earned for the year, the CRA considers cash received and contributions assessed, and makes an estimate for contributions related to tax returns not yet assessed. This estimate is subject to review and adjustments. Adjustments, if any, are recorded as contributions in the year they are known.

Following the legislative change brought by the Bill C-51 of 2009, CPP contributions toward the new PRB are being collected. As of January 1, 2012, Canadians working outside of Quebec who receive CPP or RRQ retirement benefits began making contributions to the PRB. Contributions are mandatory for CPP or RRQ retirement pension recipients aged 60-65. Those between the ages of 65-70 can choose not to contribute. The PRB becomes payable the year after contributions are made.

(d) Investment income

Income from investments includes realized gains and losses from investments, changes in unrealized gains and losses on investments, dividend income, interest income and net operating income from private real estate investments. Dividend income is recognized on the ex-dividend date, which is when the right to receive the dividend has been established. Interest income is recognized using the effective interest rate method. Distributions received from limited partnerships and funds are recognized as interest income, dividend income, net operating income, realized gains and losses from investments or return of capital, as appropriate.

(e) Transaction costs

Transaction costs are incremental costs that are directly attributable to the acquisition or disposal of an investment. Transaction costs are expensed as incurred and included in net investment income (loss).

(f) Investment management fees

Investment management fees are paid to investment managers for externally managed investments. Investment management fees are expensed as incurred and included in net investment income (loss).

(g) Securities purchased under reverse repurchase agreements and sold under repurchase agreements

Securities purchased under reverse repurchase agreements represent the purchase of securities with a simultaneous agreement to sell them back at a specified price at a specified future date and are accounted for as an investment receivable. These securities are not recognized as an investment of the CPP. The fair value of securities to be resold under these reverse repurchase agreements is monitored and additional collateral is obtained, when appropriate, to protect against credit exposure. In the event of counterparty default, the CPP, through the CPPIB, has the right to liquidate the collateral held.

Securities sold under repurchase agreements are accounted for as collateralized borrowing because they represent the sale of securities with a simultaneous agreement to buy them back at a specified price at a specified future date. The securities sold continue to be recognized as an investment of the CPP, through the CPPIB, with any changes in fair value recorded as net gain (loss) on investments and included in investment income (loss). Interest earned on reverse repurchase agreements and interest incurred on repurchase agreements is included in investment income (loss) (refer to Note 10).

(h) Securities sold short

Securities sold short represent securities that are sold, but not owned, by the CPP, through the CPPIB. The CPP, through the CPPIB, has an obligation to cover these short positions, which are accounted for as an investment liability based on the fair value of the securities sold. Collateral is pledged to the counterparty, when appropriate (refer to Note 7). Interest and dividend expense on securities sold short are included in investment income (loss) (refer to Note 10).

(i) Translation of foreign currencies

Transactions denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing on the transaction date. Investments and other monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing on the year-end date with any resulting foreign exchange gain or loss recorded as net gain (loss) on investments and included in investment income (loss) (refer to Note 10).

(j) Pensions and benefits

Pensions and benefits expenses are recorded when incurred or reasonably estimated.

(k) Tax deductions due to Canada Revenue Agency

Tax deductions due to the CRA consist primarily of voluntary and non-resident taxes withheld from pensions and benefit payments to CPP beneficiaries (refer to Note 8).

(l) Net overpayments

Net overpayments comprise overpayments of pensions and benefits that were established during the year less remissions of debts granted.

(m) Operating expenses

Operating expenses are recorded as incurred.

(n) Other claims and legal actions

The CPP records an allowance for claims and legal proceedings when it is likely that there will be a future payment and a reasonable estimate can be made.

Canada Pension Plan — *Continued*

Notes to Consolidated Financial Statements for the year ended March 31, 2014 — *Continued*

(o) Measurement uncertainty

The preparation of consolidated financial statements in accordance with PSAS requires management to make certain estimates and assumptions that affect the reported values of assets and liabilities as at the date of the financial statements and revenues and expenses during the reporting period. Estimates are based on the best information available at the time of preparation of the consolidated financial statements and are reviewed annually to reflect new information as it becomes available. Significant estimates and judgments are required principally in determining the reported estimated contributions, allowance for doubtful accounts, contingent liabilities, actuarial obligation in respect of benefits and fair values of investments since these determinations include estimates of expected future cash flows, rates of return and the impact of future events. Measurement uncertainty exists in these consolidated financial statements. Actual results could significantly differ from those estimates.

(p) Future changes in accounting standards

Financial instruments

The Public Sector Accounting Board (PSAB) has recently issued new sections that are required to be applied concurrently to fiscal years beginning on or after April 1, 2016. The CPP is currently analyzing the impact of these new standards on its consolidated financial statements:

i. Financial instruments

The new section 3450 (financial instruments) establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. Items within the scope of the section are assigned to one of two measurement categories: fair value and cost or amortized cost. Fair value measurement will apply to portfolio investments in equity instruments that are quoted in an active market. Other financial assets and financial liabilities will generally be measured at cost or amortized cost, unless the entity defines and implements a risk management or investment strategy to manage and evaluate the performance of a group of financial assets, financial liabilities or both on a fair value basis, then the entity may include those items in the fair value category. Until an item is derecognized, gains and losses arising as a result of fair value remeasurement will be reported in the Consolidated Statement of Remeasurement Gains and Losses.

ii. Foreign currency translation

The revised section 2601 (foreign currency translation) requires that remeasurement gains and losses on foreign currency translation be reported in a new Consolidated Statement of Remeasurement Gains and Losses until such time as the financial instrument is derecognized, at which point, the accumulated remeasurement gain and loss is recognized in the Consolidated Statement of Operations.

iii. Financial statement presentation

The revised section 1201 (financial statements presentation) establishes the general principles and information standards applicable to consolidated financial statements. It requires that remeasurement gains and losses be reported in a new statement. Also, the assets available for benefit payments will be presented as the total of the net increase in assets available for benefit payments for the year and the accumulated remeasurement gains and losses.

International Financial Reporting Standards

The CPPIB, which is a significant component of the CPP consolidated financial statements, adopted International Financial Reporting Standards (IFRS) as of April 1, 2014. While there is no impact on assets available for benefit payments as a result of CPPIB's IFRS adoption, CPPIB's incremental financial statement disclosures related to investments, investment receivables and investment liabilities will need to be analyzed by the CPP to ensure its continuous compliance with PSAS.

3. Cash

Cash consists of the total cash held by the CPP Account and the CPPIB. The CPP Account was established in the accounts of Canada by the *Canada Pension Plan* to record the contributions, interest, pensions, benefits and operating expenses of the CPP. It also records the amounts transferred to or received from the CPPIB. As at March 31, 2014, the deposit with the Receiver General for Canada in the CPP Account is $140 million (2013 – $68 million) and the CPPIB's cash is $27 million (2013 – $24 million) for a total of $167 million (2013 – $92 million).

4. Receivables

Receivables comprised the following:

	2014	2013
	(in millions of dollars)	
Contributions	4,368	4,847
Régime de rentes du Québec	116	106
Beneficiaries		
Balance of pensions and benefits overpayments	147	134
Allowance for doubtful accounts	(112)	(88)
	4,519	4,999

Contributions receivable represent the estimated amount to be collected from the CRA relating to contributions earned at year end and adjusted for tax returns not yet assessed. The amount includes an estimate that takes into consideration the number of contributors and the average contribution to be received which is based on the average earning and the CPP contribution rate. On an annual basis, the model used to make the estimate is reviewed. The difference between the estimate and the actual amount has not been significant in the past.

The CPP has procedures to detect overpayments. During the year, overpayments totalling $53 million (2013 – $58 million) were established and debts totalling $4 million (2013 – $6 million) were forgiven as per the remission provisions of the *Canada Pension Plan*. A further $36 million (2013 – $34 million) was recovered through collection of payments and withholdings from beneficiaries.

5. Investment activities risk management

The CPP, through the investment activities carried out by the CPPIB, is exposed to a variety of financial risks. These risks include market risk, credit risk and liquidity risk. The CPPIB manages and mitigates financial risks through the Risk/Return Accountability Framework that is included within the investment policies and approved by the Board of Directors at least once every fiscal year. This framework contains risk limits and risk management provisions that govern investment decisions. It has been designed to achieve the mandate of the CPPIB, which is to invest its assets with a view to achieving a maximum rate of return, without undue risk of loss, having regard to the factors that may affect the funding of the CPP and the ability of the CPP to meet its financial obligations on any given business day.

An active risk limit is included within the Risk/Return Accountability Framework, which represents a limit on the amount of investment risk that the CPPIB can take relative to the CPP Reference Portfolio. The CPP Reference Portfolio is approved by the Board of Directors and serves as a performance benchmark against which the CPPIB's value-added activities are measured. It represents a low-cost strategic alternative to the CPP Investment Portfolio. The objective of the CPPIB is to create value-added investment returns greater than the returns that would be generated by the CPP Reference Portfolio. The CPPIB monitors the active risk in the CPP Investment Portfolio daily and reports active risk exposures to the Board of Directors on at least a quarterly basis.

Canada Pension Plan — *Continued*

Notes to Consolidated Financial Statements for the year ended March 31, 2014 — *Continued*

i. Market risk: Market risk (including currency risk, interest rate risk and other price risk) is the risk that the fair value or future cash flows of an investment or investment liability will fluctuate because of changes in market prices and rates.

Currency risk: The CPPIB is exposed to currency risk through holdings of investments or investment liabilities in various currencies.

In Canadian dollars, the net underlying currency exposures, after allocating foreign currency derivatives, as at March 31, are as follows:

(in millions of dollars)	2014		2013	
Currency	Net exposure	% of total	Net exposure	% of total
United States Dollar	83,612	58	62,098	57
Euro	22,241	15	14,985	14
British Pound Sterling	9,380	7	8,184	8
Australian Dollar	7,222	5	5,671	5
Japanese Yen	6,966	5	5,330	5
Hong Kong Dollar	2,285	2	2,581	2
South Korean Won	1,468	1	1,189	1
Chilean Pesos	1,459	1	1,206	1
Brazilian Real	1,017	1	854	1
Swiss Franc	843	1	1,251	1
Other	6,389	4	5,544	5
	142,882	100	108,893	100

Interest rate risk: Interest rate risk is the risk that the fair value or future cash flows of an investment or investment related liability will fluctuate because of changes in market interest rates.

Other price risk: Other price risk is the risk that the fair value or future cash flows of an investment will fluctuate because of changes in market prices arising primarily from equity price risk, commodity price risk and credit spread risk, whether those changes are caused by factors specific to the individual investment or factors affecting all securities traded in the market.

ii. Credit risk: Credit risk is the risk of financial loss due to a counterparty failing to meet its contractual obligations, or a reduction in the value of the assets due to a decline in the credit quality of the borrower, counterparty, guarantor or the assets (collateral) supporting the credit exposure. The CPPIB's most significant exposure to credit risk is through its investment in debt securities and over-the-counter derivatives (as discussed in Note 6*f*). The carrying amounts of these investments as presented in Note 6 represent the maximum credit risk exposure at the balance sheet date.

iii. Liquidity risk: Liquidity risk is the risk of being unable to generate sufficient cash or its equivalent in a timely and cost-effective manner to meet investment commitments and investment liabilities as they come due. The CPPIB manages liquidity risk through its ability to raise funds through the issuance of commercial paper, and transacting in securities sold under repurchase agreements (refer to Note 6 and Note 7).

The CPPIB maintains $1.5 billion (2013 – $1.5 billion) of unsecured credit facilities to meet potential liquidity requirements. As at March 31, 2014, the total amount drawn on the credit facilities is $nil (2013 – $nil). The CPPIB also has the ability to readily dispose of certain investments that are traded in an active market. These include a liquid portfolio of publicly traded equities, money market securities and marketable bonds.

The CPPIB is also exposed to liquidity risk through its responsibility for providing cash management services to the CPP (refer to Note 17). In order to manage liquidity risk associated with this short-term cash management program, certain assets are segregated and managed separately. Liquidity risk is also managed by investing these assets in liquid money market instruments with the primary objective of ensuring that the CPP has the necessary liquidity to meet benefit payment obligations on any business day.

6. Investments and investment liabilities

As stated in Note 1, the role of the CPPIB is to invest the assets with a view to achieving a maximum rate of return without undue risk of loss, with regard to the factors that may affect the funding of the CPP and the ability of the CPP to meet its financial obligations on any given business day. To achieve its mandate, the CPPIB has established investment policies in accordance with its regulations. These set out the manner in which their assets shall be invested and their financial risks managed and mitigated through the Risk/Return Accountability Framework.

The CPPIB's investments are grouped by asset class based on the risk/return characteristics of the investment strategies of the underlying portfolios. The investments, before allocating derivative contracts, associated money market securities and other investment receivables and liabilities to the asset classes to which they relate, are as follows:

	2014	2013
	(in millions of dollars)	
Equities		
Canada	8,464	7,039
Foreign developed markets	85,238	64,486
Emerging markets	11,068	10,313
Total equities	**104,770**	**81,838**
Fixed income		
Bonds	55,258	52,755
Other debts	13,883	10,215
Money market securities	19,663	19,991
Total fixed income	**88,804**	**82,961**
Absolute return strategies	**12,243**	**9,028**
Real assets		
Real estate	27,397	21,840
Infrastructure	13,244	11,069
Total real assets	**40,641**	**32,909**
Investment receivables		
Securities purchased under reverse repurchase agreements	3,221	630
Accrued interest	907	725
Derivatives receivables	1,010	742
Dividends receivables	132	138
Total investment receivables	**5,270**	**2,235**
Total investments	**251,728**	**208,971**
Investment liabilities		
Securities sold under reverse repurchase agreements	(5,230)	(2,180)
Securities sold short	(14,874)	(9,715)
Debt financing liabilities	(9,654)	(9,543)
Debt on real assets	(2,057)	(1,918)
Derivatives liabilities	(1,062)	(945)
Total investment liabilities	**(32,877)**	**(24,301)**
Amounts receivable from pending trades	2,251	2,580
Amounts payable from pending trades	(1,979)	(3,779)
Net investments	**219,123**	**183,471**

Canada Pension Plan — *Continued*

Notes to Consolidated Financial Statements for the year ended March 31, 2014 — *Continued*

(a) Equities

Equities consist of public and private investments in each of these three markets: Canadian, foreign developed and emerging.

i. Public equity investments are made directly or through funds. As at March 31, 2014, public equities include fund investments with a fair value of $6,000 million (2013 – $3,657 million).

ii. Private equity investments are generally made directly or through ownership in limited partnership funds. The private equity investments represent equity ownerships or investments with the risk and return characteristics of equity. As at March 31, 2014, the fair value of private equities is $15,037 million (2013 – $ 9,803 million).

(b) Fixed income

i. Bonds consist of non-marketable and marketable bonds.

The non-marketable bonds issued by the provinces prior to 1998 have rollover provisions attached to them by the Act. These provisions permit each issuer, at its option, to roll over the bonds on maturity for a further 20-year term at a rate based on capital markets borrowing rates for that province existing at the time of rollover. The non-marketable bonds are also redeemable before maturity at the option of the issuers.

In lieu of exercising its statutory rollover right described in the preceding paragraph, agreements between the CPPIB and the provinces permit each province to repay the bond and concurrently cause the CPPIB to purchase a replacement bond or bonds in a total principal amount not exceeding the principal amount of the maturing security for a term of not less than five years and not more than 30 years. Such replacement bonds contain rollover provisions that permit the issuer, at its option, to roll over the bond for successive terms of not less than five years and subject in all cases to the maximum 30 years outside maturity date. The replacement bonds are also redeemable before maturity at the option of the issuers.

ii. Other debt consists of investments in direct private debt, asset-backed securities, intellectual property, royalties, distressed mortgage funds and private debt funds.

iii. Money market securities consist of cash, term deposits, treasury bills and commercial paper.

(c) Absolute return strategies

Absolute return strategies consist of investments in funds and internally managed portfolios whose objective is to generate positive returns regardless of market conditions, that is, returns with a low correlation to broad market indices. The underlying securities of the funds and the internally managed portfolios could include, but are not limited to, equities, fixed income securities and derivatives.

(d) Real assets

i. The CPPIB obtains exposure to real estate through direct investments in privately held real estate, real estate funds and publicly traded securities.

Private real estate investments are managed on behalf of the CPPIB by investment managers primarily through co-ownership arrangements. As at March 31, 2014, real estate investments include assets of $27,397 million (2013 – $21,840 million) and $1,936 million of secured debt (2013 – $1,918 million). The terms to maturity of the undiscounted principal repayments of the secured debt vary from less than a year to more than ten years.

ii. Infrastructure investments are generally made directly, but can also occur through limited partnership funds that have a typical term of 10 years. As at March 31, 2014, infrastructure includes direct investments with a fair value of $13,090 million (2013 – $10,883 million) and $121 million of secured debt (2013 – $nil).

Canada Pension Plan — *Continued*

Notes to Consolidated Financial Statements for the year ended March 31, 2014 — *Continued*

(e) Securities purchased under reverse repurchase agreements and sold under repurchase agreements

Reverse repurchase and repurchase agreements are carried at the amounts at which the securities were initially acquired or sold, which together with accrued interest income or expense, approximate fair value due to the short-term nature of these securities.

The terms to maturity of the securities purchased under reverse repurchase agreements, as at March 31, 2014, are as follows: within 1 year, $3,221 million (2013 – $630 million); 1 year to over 10 years, $nil (2013 – $nil).

The terms to maturity of the securities sold under repurchase agreements, as at March 31, 2014, are as follows: within 1 year, $5,231 million (2013 – $2,180 million); 1 year to over 10 years, $nil (2013 – $nil).

(f) Derivative contracts

A derivative contract is a financial contract, the value of which is derived from the value of underlying assets, indices, interest rates, currency exchange rates or other market-based factors. Derivatives are transacted through regulated exchanges or negotiated in over-the-counter markets. The CPPIB uses different types of derivative instruments, which include futures and forwards, swaps, options and warrants.

Notional amounts of derivative contracts represent the contractual amounts to which a rate or price is applied for computing the cash flows to be exchanged. The notional amounts are used to determine the gains/losses and fair value of the contracts. They are not recorded as assets or liabilities on the Consolidated Statement of Financial Position. Notional amounts do not necessarily represent the amount of potential market risk or credit risk arising from a derivative contract.

The fair value of these contracts is reported as derivative receivables and derivative liabilities on the schedule of investments as shown above.

The CPPIB uses derivatives to generate value-added investment returns and to manage or adjust exposures to, interest rate, currency, credit and other market risks without directly purchasing or selling the underlying instrument.

(g) Securities sold short

As at March 31, 2014, securities sold short of $14,874 million (2013 – $9,715 million) are considered repayable within one year based on the earliest period in which the counterparty could request payment under certain conditions

(h) Debt financing liabilities

Debt financing liabilities are recorded at the amount originally issued, which, together with accrued interest expenses, approximate fair value due to the short-term nature of these liabilities. The terms to maturity of the undiscounted principal repayments of the debt financing liabilities as at March 31, 2014, are as follows: within 1 year, $9,663 million (2013 – $9,551 million), and 1 year to over 10 years, $nil (2013 – $nil).

(i) Debt on real assets

Debt on real assets is a long-term debt on real estate and infrastructure investments. In 2014, the weighted average interest rate is 4.5 percent (2013 – 4.9 percent).

The terms to maturity of the debt on real assets, as at March 31, 2014, are as follows: within 1 year, $204 million (2013 – $34 million); 1 year to 5 years, $121 million (2013 – $220 million); 6 to 10 years, $1,713 million (2013 – $1,601 million) and over 10 years, $9 million (2013 – $45 million). Approximately $1,678 million of the total debt on real assets relates to a loan that matures on April 1, 2022 and the majority of the remaining balance relates to commercial mortgages.

Canada Pension Plan — *Continued*

Notes to Consolidated Financial Statements for the year ended March 31, 2014 — *Continued*

7. Collateral

Collateral transactions are conducted to support CPPIB's investment activities under the terms and conditions that are common and customary to collateral arrangements. The net fair value of collateral held and pledged as at March 31 is as follows:

	2014	2013
	(in millions of dollars)	
Assets held as collateral on:		
Reverse repurchase agreements [1]	3,221	630
Over-the-counter derivative transactions [1]	134	93
Other debt [1]	1,129	1,009
Assets pledged as collateral on:		
Repurchase agreements	(5,227)	(2,183)
Securities sold short	(14,690)	(10,752)
Debt on private real estate properties	(2,605)	(2,230)
Guarantees (refer to Note 15c)		(177)
	(18,038)	(13,610)

[1] The fair value of the collateral held that may be sold or repledged as at March 31, 2014 is $4,371 million (2013 – $1,651million). The fair value of collateral sold or repledged as at March 31, 2014 is $3,216 million (2013 – $630 million).

8. Payables and accrued liabilities

Payables and accrued liabilities are comprised of the following:

	2014	2013
	(in millions of dollars)	
Operating expenses	350	405
Pensions and benefits payable	425	366
Tax deductions due to the Canada Revenue Agency	152	139
	927	910

9. Comparison of results against budget

The budget amounts included in the Consolidated Statement of Operations and the Consolidated Statement of Change in Financial Assets Available for Benefit Payments are derived from the amounts that were originally budgeted in the Human Resources and Skills Development Canada *2013-2014 Report on Plans and Priorities*, tabled in Parliament in March 2013 and amounts forecasted by the Office of the Superintendent of Financial Institutions.

10. Net investment income

Net investment income is reported net of transaction costs and investment management fees, and is grouped by asset class based on the risk/return characteristics of the investment strategies of the underlying portfolios.

Net investment income, after giving effect to derivative contracts and investment receivables and liabilities for the year ended March 31, is as follows:

(in millions of dollars)

	2014					
	Investment income (loss) (1)	Net gain (loss) on investments (2), (3), (4)	Total investment income (loss)	Investment management fees	Transaction costs	Net investment income (loss)
Equities						
Canada	49	2,851	2,900	(9)	(14)	2,877
Foreign developed markets	1,422	16,737	18,159	(320)	(48)	17,791
Emerging markets	228	1,167	1,395	(108)	(7)	1,280
	1,699	20,755	22,454	(437)	(69)	21,948
Fixed income						
Bonds	1,695	(1,607)	88			88
Other debt	662	1,208	1,870	(83)	(6)	1,781
Money market securities (5)	263	2,085	2,348	(311)	(40)	1,997
Debt financing liabilities	(33)	(704)	(737)			(737)
	2,587	982	3,569	(394)	(46)	3,129
Real assets						
Private real estate	967	3,003	3,970	(113)	(74)	3,783
Infrastructure	534	1,346	1,880	(3)	(27)	1,850
	1,501	4,349	5,850	(116)	(101)	5,633
Interest on operating balance	3		3			3
	5,790	26,086	31,876	(947)	(216)	30,713

The notes are on the following page.

Canada Pension Plan — *Continued*

Notes to Consolidated Financial Statements for the year ended March 31, 2014 — *Continued*

(in millions of dollars)

	2013					
	Investment income (loss) [1]	Net gain (loss) on investments [2], [3], [4]	Total investment income (loss)	Investment management fees	Transaction costs	Net investment income (loss)
Equities						
Canada	67	724	791	(12)	(10)	769
Foreign developed markets	1,174	7,182	8,356	(309)	(44)	8,003
Emerging markets	254	260	514	(57)	(7)	450
	1,495	8,166	9,661	(378)	(61)	9,222
Fixed income						
Bonds	1,558	1,208	2,766			2,766
Other debt	646	625	1,271	(47)	(4)	1,220
Money market securities [5]	321	1,183	1,504	(287)	(37)	1,180
Debt financing liabilities	(30)	(174)	(204)			(204)
	2,495	2,842	5,337	(334)	(41)	4,962
Real assets						
Private real estate	867	896	1,763	(67)	(40)	1,656
Infrastructure	429	505	934	(3)	(35)	896
	1,296	1,401	2,697	(70)	(75)	2,552
Interest on operating balance	3		3			3
	5,289	12,409	17,698	(782)	(177)	16,739

(1) Includes interest income, dividends, private real estate operating income (net of interest expense), interest expense on the debt financing liabilities and other investment-related income and expenses.

(2) Includes realized gains and losses from investments, and unrealized gains and losses on investments held at the end of the year.

(3) Includes foreign exchange gains of $9.7 billion (2013 – losses of $519 million).

(4) Includes net unrealized gains of $10,203 million (2013 – $4,073 million) which represents the change in fair value on those investments where the fair value is derived primarily from assumptions based on non-observable market data.

(5) Includes absolute return strategies, consisting of investments in funds and internally managed portfolios.

11. Estimated overpayments and underpayments of benefits

In order to measure the accuracy of CPP benefit payments, the CPP relies on a Quality program (the CPP Payment Accuracy Review) which estimates, through statistical extrapolation, the most likely value of incorrect benefit payments.

For benefits paid during the 12 months ended March 31, 2014, undetected overpayments and underpayments are estimated to be $0.3 million and $99.7 million respectively ($5 million and $56 million in 2012–2013). These estimates are used by the CPP to assess the quality and accuracy of decisions and to continuously improve its systems and practices for processing CPP benefits.

The actual overpayments established during the year, as indicated in Note 4, are not directly linked to the above noted estimated overpayments and underpayments of benefits for the same period.

12. Operating expenses

	2014	2013
	(in millions of dollars)	
General operating expenses	413	386
Personnel related costs	626	651
Professional and consulting fees	46	39
	1,085	1,076

13. Actuarial obligation in respect of benefits

The CPP is financed by contributions and investment returns. Employers and employees pay contributions equally to the CPP, at a combined rate of 9.9 percent of contributory earnings, and self-employed workers pay the full amount.

The CPP is managed by the federal and provincial Ministers of Finance. The CPP's financial state is reviewed by the federal, provincial and territorial Ministers of Finance every three years, following the receipt of an actuarial valuation report prepared by the Chief Actuary of Canada, at which time recommendations can be made as to whether benefits and/or contribution rates should be changed. Actuarial valuation determines the minimum contribution rate, which is the lowest rate sufficient to sustain the CPP. In the event that the projected minimum contribution rate is greater than the legislated contribution rate and no recommendations are made by the Finance Ministers to either increase or maintain the rate, the insufficient rates provision in the *Canada Pension Plan* applies. This provision would increase the contribution rate for employees, employers and self-employed persons automatically and require the non-indexation of current benefits.

The CPP was initially designed to be financed on a pay-as-you-go basis with a small reserve equivalent to about two years' worth of expenditures. This means that the pensions and benefits for one generation would be paid largely from the contributions of later generations. However, in the following three decades since inception, demographics and economic developments, such as lower birth rates, increased life expectancies and lower real wage growth, as well as changes in benefits and an increase in disability claims, led to significantly higher CPP costs.

A major reform of the CPP was undertaken in 1997. The reform made the CPP financially sustainable by:

- increasing contribution rates over the short term to achieve steady-state funding (i.e. to build a reserve of assets and stabilize the ratio of assets to the following year's expenditures over time);
- reducing the growth of benefits over the long term;
- investing cash flows in the financial markets through the establishment of the CPPIB to achieve a maximum rate of return without undue risk of loss, and
- introducing incremental full funding for the CPP, such that any new or increased benefits provided under the CPP must be fully funded.

As a result of the 1997 reform, the CPP is considered to be partially funded and mainly operating on a "steady-state" basis, i.e. based on a lowest steady-state contribution rate that generally stabilizes the ratio of assets to expenditures over the long term. Steady-state funding along with incremental full funding for new or enhanced benefits improve fairness and equity across generations and ensure the long-term financial sustainability of the CPP.

The *Canada Pension Plan* stipulates that an actuarial report shall be prepared every three years for purposes of the review of the CPP's financial state by the federal Minister of Finance and his or her provincial counterparts. The most recent triennial report, the *Twenty-sixth Actuarial Report* on the CPP as at December 31, 2012, was tabled in Parliament on December 3, 2013. The next triennial actuarial report as at December 31, 2015, is expected to be tabled by December 2016.

In the *Twenty-sixth Actuarial Report*, the minimum contribution rate was determined to be 9.84 percent of contributory earnings for the year 2016 and thereafter (9.86 percent before 2023 and 9.85 percent for the year 2023 and thereafter in the *Twenty-fifth Actuarial Report*). This report confirms that, on the basis of the assumptions selected, the current legislated combined employer-employee contribution rate of 9.9 percent is and will continue to be sufficient to pay for future expenditures over the period 2013 to 2022. Thereafter, a portion of investment income (27 percent in 2050) will be required to make up the difference between contributions and expenditures. Under the current legislated contribution rate of 9.9 percent, the total assets are expected to grow to $300 billion by the end of 2020 (i.e. 5.2 times the following year's annual expenditures).

Canada Pension Plan — *Continued*

Notes to Consolidated Financial Statements for the year ended March 31, 2014 — *Continued*

A number of assumptions were used in the *Twenty-sixth Actuarial Report* for the projections of the CPP's revenues and expenditures over the long projection period of 150 years. These assumptions represent the best estimates according to the Chief Actuary's professional judgement relating to demographic, economic, and other factors such as the ones shown in the table below:

	As at 31 December 2012		As at 31 December 2009	
	Male	Female	Male	Female
Canadian life expectancy				
at birth in 2013 (2009 – in 2010)	86.1 years	89.1 years	85.4 years	88.3 years
at age 65 in 2013 (2009 – in 2010)	20.9 years	23.3 years	20.2 years	22.6 years
Retirement rates for cohort at age 60	34 % (2016+)	38 % (2016+)	38 % (2016+)	41 % (2016+)
CPP disability incidence rates (per 1,000 eligible)	3.30 (2017+)	3.75 (2017+)	3.40 (2015+) (1)	3.79 (2015+) (1)
Total fertility rate	1.65 (2015+)		1.65 (2015+)	
Net migration rate	0.60 % of population for 2017+		0.58 % of population for 2023+	
Participation rate (age group 15-69)	76.8 % (2030)		75.2 % (2030)	
Employment rate (age group 15-69)	72.1 % (2030)		70.6 % (2030)	
Unemployment rate	6.0 % (2023+)		6.1 % (2022+)	
Rate of increase in prices	2.2 % (2021+)		2.3 % (2019+)	
Real-wage increase	1.2 % (2020+)		1.3 % (2019+)	
Real rate of return	4.0 % (2019+)		4.0 % (2017+) (2)	

(1) The ultimate disability incidence rates assumption of the 25th *CPP Actuarial Report* has been adjusted based on the 2012 eligible population in order to compare with the assumption for this 26th *CPP Actuarial Report* on the same basis.

(2) For the 26th *CPP Actuarial Report*, the real rate of return assumption is net of all investment expenses, including CPPIB operating expenses. On a comparable basis, the ultimate real rate of return assumption of the 25th *CPP Actuarial Report* would be restated as 3.9 percent to reflect this improvement in the methodology

An independent panel of qualified actuaries reviewed the *Twenty-sixth Actuarial Report* on the CPP, confirming that the work was performed in accordance with professional standards of practice and that the actuarial methods and assumptions used were reasonable.

A variety of tests were performed to measure the sensitivity of the long-term projected financial position of the CPP to future changes in the demographic and economic environments. Key best-estimate assumptions were varied individually to measure the potential impact on the financial status of the CPP. These tests show that the minimum contribution rate could deviate significantly from its best-estimate of 9.84 percent if other than best-estimate assumptions were to materialize.

The *Twenty-sixth Actuarial Report* measures the actuarial obligation under an open group approach, and provides information under a closed group approach in a footnote. The open group approach takes into consideration all current and future participants of the CPP, including their future contributions and associated benefits, to determine whether current assets and future contributions will be sufficient to pay for all future expenditures. The closed group includes only current participants of the CPP, with no new entrants permitted and no new benefits accrued. The choice of the methodology used to produce a social security system's balance sheet is mainly determined by the system's financing approach. Under the partial funding financing approach of the CPP, in any given year, current contributors allow the use of their contributions to pay current beneficiaries' benefits. This financial arrangement creates claims for current and past contributors to contributions of future contributors. As such, the most appropriate assessment of the financial sustainability of partially funded plans by means of their balance sheets should reflect these claims. The open group approach does account explicitly for these claims by considering the benefits and contributions of both the current and future plan participants. In comparison, the closed group approach does not reflect these claims, since only current participants are considered.

The CPP was never intended to be a fully-funded plan. With the current legislated combined contribution rate of 9.9 percent, the table below presents the asset excess (shortfall) and the assets to actuarial obligation ratio under open and closed approaches at valuation dates of the current and previous actuarial reports:

	As at December 31, 2012		As at December 31, 2009	
	Open Group	Closed Group	Open Group	Closed Group
	(in billions of dollars)			
Actuarial obligation	2,254.7	1,004.9	1,995.0	874.8
Assets available for benefit payments	2,245.8	175.1	1,988.1	126.8
Asset shortfall	(8.9)	(829.8)	(6.9)	(748.0)
Assets to actuarial obligation ratio	99.6 %	17.4 %	99.7 %	14.5 %

According to the *Twenty-sixth Actuarial Report*, the CPP is intended to be long-term and enduring in nature, a fact that is reinforced by the federal, provincial, and territorial governments' joint stewardship through the established strong governance and accountability framework of the CPP. Therefore, if the CPP's financial sustainability is to be measured based on its asset excess or shortfall, it should be done on an open group basis that reflects the partially funded nature of the CPP, that is, its reliance on both future contributions and invested assets as a means of financing its future expenditures. Using the open group approach, the Chief Actuary confirms that the CPP, on the basis of the assumptions selected, will continue to meet its financial obligations and is sustainable in the long term.

The assets available for benefit payments represent the funds accumulated for the payment of pensions, benefits, and operating expenses. As at March 31, 2014, the value of the CPP's assets available for benefit payments is $223.2 billion (2013 – $187.7 billion). This amount represents approximately 5.6 times the 2015 planned expenditures of $40.5 billion (2013 – 4.9 times). According to the *Twenty-sixth Actuarial Report*, the ratio of assets to the following year's expenditures is expected to reach 5.2 times by 2020 (*Twenty-fifth Actuarial Report* – 4.7 times) and 5.9 times by 2075 (*Twenty-fifth Actuarial Report* – 5.2 times).

14. Contractual obligations

The CPP, through the CPPIB, has committed to enter into contractual obligations related to the funding of investments. These contractual obligations are generally payable on demand based on the funding needs of the investment subject to the terms and conditions of each agreement. As at March 31, 2014, the contractual obligations total $27.9 billion (2013 – $20.7 billion).

As at March 31, 2014, the CPP, through the CPPIB, has made lease and other contractual obligations of $165.9 million (2013 – $197.0 million) that will be paid over the next 11 years.

15. Contingent liabilities

(a) Appeals relating to the payment of pensions and benefits

At March 31, 2014, there were 13,195 (12,623 in 2013) appeals relating to the payment of CPP disability benefits. These contingencies are reasonably estimated, using historical information, at an amount of $175.3 million ($107.5 million in 2013), which was recorded as an accrued liability in the CPP 2013-2014 financial statements.

(b) Other claims and legal proceedings

In the normal course of operations, the CPP is involved in various claims and legal proceedings.

Starting in 2004, 417 medical adjudicators (MAs) filed human rights complaints with the Canadian Human Rights Commission (CHRC) alleging gender discrimination. The complaint was upheld by the Canadian Human Rights Tribunal (CHRT) in 2007, which ordered that the discriminatory practice cease and directed the parties to attempt to negotiate a settlement of the appropriate measures to redress the practice. These negotiations were not successful and in May 2009, the CHRT ordered that a new nursing (NU) subgroup be created in the Health Services Group and that the MAs be placed in this group. It also ordered that damages be paid to two MAs for pain and suffering, but it did not order compensation for wage loss.

The complainants and the CHRC challenged the CHRT's decision on the issues of lost wages and pain and suffering. The application was allowed by the Federal Court, which set aside the CHRT's decision and referred the matters back to the CHRT for redetermination. An appeal by the Attorney General of Canada of the Federal Court decision was unsuccessful.

Canada Pension Plan — *Continued*

Notes to Consolidated Financial Statements for the year ended March 31, 2014 — *Continued*

In October 2011 and on July 31, 2012 respectively, the CHRT endorsed the settlement entered into by the parties on the outstanding issues of damages for pain and suffering and for wage loss.

The total expense was revised to $139 million ($184 million in 2012-2013). Out of the $139 million, payments of $14 million were made during the current fiscal year. As of March 31, 2014, no amount remains payable to ESDC.

On June 27, 2014, a group of individuals filed a motion before the CHRT challenging one aspect of the Settlement Agreement endorsed by the CHRT in the above matter. The potential financial impact and the outcome of this claim are not determinable.

(c) Guarantees

As part of certain investment transactions, the CPPIB agreed to guarantee, as at March 31, 2014, up to $1.5 billion (2013 – $1.4 billion) to other counterparties in the event certain investee entities default under the terms of loan and other related agreements.

(d) Indemnifications

The CPPIB provides indemnifications to its officers, directors, certain others and, in certain circumstances, to various counterparties and other entities. The CPPIB may be required to compensate these indemnified parties for costs incurred as a result of various contingencies such as changes in laws, regulations and litigation claims. The contingent nature of these indemnification agreements prevents the CPPIB from making a reasonable estimate of the maximum potential payments the CPPIB could be required to make. To date, the CPPIB has not received any claims nor made any payments pursuant to such indemnifications.

16. Related party transactions

As stated in Note 4, the CPP has $4,368 million (2013 – $4,847 million) of contributions receivable from the Canada Revenue Agency.

The CPP enters into transactions with the Government of Canada in the normal course of business, which are recorded at the exchange value. The costs are based on estimated allocations of costs and are charged to the CPP in accordance with various memoranda of understanding.

Transactions for the year

	2014	2013
	(in millions of dollars)	
Pension and benefit delivery, accommodation and corporate services		
Employment and Social Development Canada	328	405
Collection of contributions and investigation services		
Canada Revenue Agency	169	169
Cheque issue and computer services		
Public Works and Government Services Canada	9	10
Actuarial services		
Office of the Superintendent of Financial Institutions and Department of Finance	3	2
	509	586

17. Supplementary information

The administration of the CPP's assets and activities is shared between various Government of Canada (GoC) departments and the CPPIB. The CPPIB is responsible for investing the majority of the CPP's assets, while the GoC through various federal departments, manages the remainder of the assets, as well as the collection of the CPP contributions and the administration and payments of the CPP benefits. For accountability purposes, the following table presents summary information on the levels of assets and liabilities and sources of income and expenses managed by the GoC and the CPPIB respectively.

(in millions of dollars)

	2014			2013		
	GoC	CPPIB	Total	GoC	CPPIB	Total
Financial assets	4,659	254,006	258,665	5,067	211,575	216,642
Non-financial assets		327	327		72	72
Liabilities	542	35,241	35,783	607	28,383	28,990
Assets available for benefit payments	4,117	219,092	223,209	4,460	183,264	187,724
Income						
Contributions	43,181		43,181	41,655		41,655
Investment income	3	30,710	30,713	3	16,736	16,739
	43,184	30,710	73,894	41,658	16,736	58,394
Expenses						
Pensions and benefits	37,324		37,324	35,590		35,590
Operating expenses	509	576	1,085	586	490	1,076
	37,833	576	38,409	36,176	490	36,666
Net increase in assets available for benefit payments	5,351	30,134	35,485	5,482	16,246	21,728

Pursuant to Section 108.1 of the *Canada Pension Plan* and the Agreement dated as of April 1, 2004, amounts not required to meet specified obligations of the CPP are transferred weekly to the CPPIB. The funds originate from employer and employee contributions to the CPP and interest income generated from the deposit with the Receiver General.

In September 2004, the CPPIB assumed responsibility for providing cash management services to the CPP, including periodic return, on at least a monthly basis, of funds required to meet CPP pension, benefits and operating expenses obligations.

During the year ended March 31, 2014, a total of $34 billion was transferred to the CPPIB and a total of $29 billion was returned to the CPP to meet its liquidity requirements.

Activities during the year

	2014	2013
	(in millions of dollars)	
Canada Pension Plan Investment Board		
Accumulated transfers to CPPIB, beginning of year	307,330	275,648
Transfers of funds to CPPIB	34,332	31,682
Accumulated transfers to CPPIB, end of year	341,662	307,330
Accumulated transfers from CPPIB, beginning of year	(189,599)	(163,299)
Transfers of funds from CPPIB	(28,638)	(26,300)
Accumulated transfers from CPPIB, end of year	(218,237)	(189,599)
Net accumulated transfers to CPPIB	123,425	117,731

18. Comparative information

Certain comparative figures have been reclassified to conform to the current year's presentation.

Government Annuities Account

Management's Responsibility for Financial Statements

The financial statements of the Government Annuities Account are prepared in accordance with Canadian accounting standards for pension plans by the management of Employment and Social Development Canada. Management is responsible for the integrity and objectivity of the information in the financial statements, including the amounts which must, of necessity, be based on best estimates and judgement. The significant accounting policies are identified in Note 2 to the financial statements.

To fulfill its accounting and reporting responsibilities, management has developed and maintains books of account, financial and management controls, information systems and management practices. These systems are designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded and that transactions are properly authorized and recorded in accordance with the *Government Annuities Improvement Act* and the *Government Annuities Act* and regulations.

The Auditor General of Canada, the external auditor of the Government Annuities Account, conducts an independent audit of the financial statements in accordance with Canadian generally accepted auditing standards and provides a report to the Minister of Employment and Social Development.

Ian Shugart
Deputy Minister
Employment and Social Development Canada

Alain P. Séguin, MBA, CPA, CGA
Chief Financial Officer
Employment and Social Development Canada

Gatineau, Canada
August 27, 2014

Government Annuities Account — *Continued*

Report of the Actuary

The Office of the Chief Actuary, Office of the Superintendent of Financial Institutions Canada, has the mandate of performing the annual actuarial valuation of the Government Annuities Account (the "Account") as at 31 March 2014. The purpose of this valuation is to determine the actuarial liabilities and financial position of the Account as at 31 March 2014. The results of the valuation are included in the Account's statement of financial position, the statement of changes in net assets available for benefits, and the statement of changes in pension obligations for the year then ended.

The valuation of the Account's actuarial liabilities and financial position is based on:

- membership data as at 31 March 2014 provided by Employment and Social Development Canada (ESDC) and Service Canada;
- asset data provided by ESDC; and
- assumptions as prescribed by the *Government Annuities Regulations*, that is, mortality rates from the Annuity Table for 1983, for individual and group annuities, as modified by Projection Scale G published by the Society of Actuaries, and a seven percent annual interest rate.

The Account's assets are notional and in the form of a deposit with the Receiver General for Canada. Therefore, actuarial liabilities equal the present value of future payments discounted at the prescribed interest rate. Since administrative expenses are paid by the government out of general funds, no provision for expenses is made in the valuation. This valuation contains no added margins for adverse deviation.

In our opinion, considering that the valuation is prepared pursuant to the *Government Annuities Act* and the *Government Annuities Improvement Act*:

- the data on which our valuation is based are sufficient and reliable for the purpose of the valuation;
- the assumptions used comply with legislative requirements and are, in aggregate, reasonable and appropriate;
- the methodology employed is appropriate and consistent with sound actuarial principles; and
- the actuarial valuation is appropriate, it conforms to statutory requirements and the financial statements fairly present its results.

Our valuation has been prepared, and our opinions given, in accordance with accepted actuarial practice in Canada. The next valuation will be performed as at 31 March 2015.

Michel Millette
Senior Actuary
Fellow of the Canadian Institute of Actuaries
Office of the Chief Actuary

Assia Billig
Actuary
Fellow of the Canadian Institute of Actuaries
Office of the Chief Actuary

Christine Dunnigan
Actuarial Officer
Fellow of the Canadian Institute of Actuaries
Office of the Chief Actuary

Office of the Superintendent of Financial Institutions Canada
Ottawa, Canada
27 August 2014

Government Annuities Account — *Continued*

Independent Auditor's Report

To the Minister of Employment and Social Development

Report on the Financial Statements

I have audited the accompanying financial statements of the Government Annuities Account, which comprise the statement of financial position as at 31 March 2014, and the statement of changes in net assets available for benefits and statement of changes in pension obligations for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for pension plans, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Government Annuities Account as at 31 March 2014, and the changes in its net assets available for benefits and changes in its pension obligations for the year then ended in accordance with Canadian accounting standards for pension plans.

Report on Other Legal and Regulatory Requirements

In my opinion, the transactions of the Government Annuities Account that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with the *Government Annuities Improvement Act*, and the *Government Annuities Act* and regulations.

Nancy Y. Cheng, FCA
Assistant Auditor General
for the Auditor General of Canada

27 August 2014
Halifax, Canada

Government Annuities Account — *Continued*

Statement of Financial Position

(in thousands of Canadian dollars)

	As at March 31 2014	As at March 31 2013 (Note 3)	As at April 1 2012 (Note 3)
Net assets available for benefits			
Accounts receivable	111	113	99
Pension obligations			
Actuarial present value of accrued benefits (Note 4)	166,138	183,108	201,611
Deficit to be financed by the Government of Canada (Note 5)	**166,027**	**182,995**	**201,512**

The accompanying notes are an integral part of these financial statements.

Approved by:

Ian Shugart
Deputy Minister
Employment and Social Development Canada

Alain P. Séguin, MBA, CPA, CGA
Chief Financial Officer
Employment and Social Development Canada

Statement of Changes in Net Assets Available for Benefits
For the year ended March 31

(in thousands of Canadian dollars)

	2014	2013
Paid by the Government of Canada		
Premiums (Note 5)	(34)	(32)
Annuity payments (Note 5)	28,477	30,216
Premium refunds and other (Note 5)	71	54
	28,514	30,238
Amount paid through the Consolidated Revenue Fund	(28,514)	(30,238)
Administrative expenses		
Services received without charge (Note 2*(c)*)	2,112	1,927
Services contributed by Employment and Social Development Canada (Note 2*(c)*)	(2,112)	(1,927)
Change in accounts receivable and increase (decrease) in net assets	**(2)**	**14**
Net assets available for benefits at beginning of year	113	99
Net assets available for benefits at end of year	**111**	**113**

The accompanying notes are an integral part of these financial statements.

Statement of Changes in Pension Obligations
For the year ended March 31

(in thousands of Canadian dollars)

	2014	2013
Actuarial present value of accrued benefits at beginning of the year	**(183,108)**	**(201,611)**
Interest and other income	(12,315)	(12,923)
Benefits paid	28,550	30,256
Experience gains	735	1,170
Actuarial present value of accrued benefits at end of the year	**(166,138)**	**(183,108)**

The accompanying notes are an integral part of these financial statements.

Notes to the Financial Statements for the year ended March 31, 2014

1. Authority, objective and responsibilities

The Government Annuities Account (the Account) was established in 1908 by the *Government Annuities Act*, as modified by the *Government Annuities Improvement Act*.

The purpose of the *Government Annuities Act* was to assist individuals and groups of Canadians to prepare financially for their retirement by purchasing Government Annuities. In 1975, the *Government Annuities Improvement Act* discontinued future sales of Government Annuity contracts. Annuities are deferred until their maturity date, at which time payments to annuitants begin.

The Account is administered by Employment and Social Development Canada (ESDC) and operates through the Consolidated Revenue Fund.

2. Significant accounting policies

(a) Basis of presentation

The financial statements of the Account are prepared in accordance with Canadian accounting standards for pension plans (Section 4600) on a going basis. They are prepared in Canadian dollars, the Account functional currency. This section requires pension plans of publicly accountable enterprises to comply on a consistent basis with the International Financial Reporting Standards (IFRS) to the extent that those standards do not conflict with the requirements of the Section 4600, which take precedence.

The financial statements for the year ended March 31, 2014 were authorized for issue by the signatories on August 27, 2014.

(b) Actuarial present value of accrued benefits

The method utilized to calculate the actuarial present value of accrued benefits is in accordance with the *Government Annuities Improvement Act* and the *Government Annuities Act* and regulations.

The actuarial present value of accrued benefits comprises, in respect of deferred and matured annuities, the present value of such annuities actuarially determined on the basis of such rate or rates of interest and mortality tables as is prescribed.

(c) Service received without charge

Administrative services received without charge from ESDC are recorded in the statement of changes in net assets available for benefits at their estimated cost. A corresponding amount is credited directly to the statement of changes in net assets available for benefits.

(d) Measurement uncertainty

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amount of assets, actuarial present value of accrued benefits, and income at the date of the financial statements. Despite the use of methodology specified in the *Government Annuities Improvement Act* and the *Government Annuities Act* and regulations, it is possible that the amounts for the actuarial present value of accrued benefits and related accounts could change materially in the near term.

3. Changes in accounting policies

For many years, management had reported an account called "Deposit with Receiver General for Canada" as an asset in the financial statements of the Account. This Deposit balance represented an accounting of all contributions, annuity payments and calculated interest returns as set out in the *Government Annuities Improvement Act* and *Government Annuities Regulations*.

While the Account contributions, payments and interest calculations are tracked and recorded, management has determined that the balance in the Consolidated Revenue Fund referred to as the Deposit with Receiver General for Canada and certain related financial statements line items should be removed from the financial statements to provide more reliable and relevant information to the financial statements users concerning the funded status of the plan.

As a result, the tables below show the impact of the revised accounting policies on the prior year Statement of Financial Position and Statement of Changes in Net assets Available for Benefits. Annuities payable to the beneficiaries were not affected by the removal of the Deposit with Receiver General for Canada.

Statement of Financial Position
As at March 31, 2013

(in thousands of Canadian dollars)

	As previously reported	Effect of asset presentation changes	Revised based on changes in presentation
Net assets available for benefits			
Accounts receivable	113		113
Adjustments:			
Deposit with Receiver General for Canada	171,210	(171,210)	
Accrued interest due from Canada	12,955	(12,955)	
Actuarial surplus due to Canada	(1,170)	1,170	
Pension obligations			
Actuarial present value of accrued benefits (Note 4)	183,108		183,108
Deficit to be financed by the Government of Canada (Note 5)		**182,995**	**182,995**

Opening Statement of Financial Position
As at April 1, 2012

(in thousands of Canadian dollars)

	As previously reported	Effect of asset presentation changes	Revised based on changes in presentation
Net assets available for benefits			
Accounts receivable	99		99
Adjustments:			
Deposit with Receiver General for Canada	188,428	(188,428)	
Accrued interest due from Canada	14,248	(14,248)	
Actuarial surplus due to Canada	(1,164)	1,164	
Pension obligations			
Actuarial present value of accrued benefits (Note 4)	201,611		201,611
Deficit to be financed by the Government of Canada (Note 5)		**201,512**	**201,512**

Government Annuities Account — *Continued*

Notes to the Financial Statements for the year ended March 31, 2014 — *Continued*

Statement of Changes in Net Assets Available for Benefits
For the year ended March 31, 2013

(in thousands of Canadian dollars)

	As previously reported	Effect of asset presentation changes	Revised based on changes in presentation
Increase in assets			
Premiums (Note 5)	32	(32)	
Adjustments:			
Interest from Canada	12,955	(12,955)	
Reclaimed annuities recovered from CRF	76	(76)	
Decrease in assets			
Annuity payments	(30,216)	30,216	
Premium refunds	(40)	40	
Adjustments:			
Unclaimed annuities transferred to CRF	(140)	140	
Actuarial surplus due to Canada	(1,170)	1,170	
Paid by the Government of Canada			
Premiums (Note 5)		(32)	(32)
Annuity payments		30,216	30,216
Premium refunds and other		54	54
		30,238	30,238
Amount paid through the Consolidated Revenue Fund (Note 5)		(30,238)	(30,238)
Administrative expenses			
Services received without charge (Note 2*(c)*)	1,927		1,927
Services contributed by Employment and Social Development Canada (Note 2 *(c)*)	(1,927)		(1,927)
Change in accounts receivable and increase (decrease) in net assets	**(18,503)**	**18,517**	**14**
Net assets available for benefits at beginning of year	201,611	(201,512)	99
Net assets available for benefits at end of year	**183,108**	**(182,995)**	**113**

4. Actuarial present value of accrued benefits

The Office of the Chief Actuary, Office of the Superintendent of Financial Institutions Canada, performed the annual actuarial valuation of the Government Annuities Account as at March 31, 2014.

The *Government Annuities Improvement Act* and *Government Annuities Regulations* prescribe the basis upon which the actuarial present values of accrued benefits are to be determined. The regulations require the discounting of expected future payments using an annual interest rate of seven percent. Future payments are to be estimated using the mortality rates from the 1983 mortality tables published by the Society of Actuaries, for individual and group annuities respectively, modified by Projection Scale G. The actuary has indicated that the assumptions used to assess the actuarial present values of accrued benefits comply with legislative requirements, and are, in aggregate, reasonable and appropriate.

The next actuarial valuation will be performed as at March 31, 2015.

(in thousands of Canadian dollars)

	As at March 31 2014	As at March 31 2013	As at April 1 2012
Actuarial present value of accrued benefits is comprised of:			
Deferred annuities	7,259	8,569	9,529
Mature annuities	158,879	174,539	192,082
	166,138	183,108	201,611

The average age of annuitants was estimated to be 83.3 years and the remaining life of the Account was estimated at 44 years as at March 31, 2014.

5. Deficit to be financed by the Government of Canada

The *Government Annuities Act* provided authority for the Government of Canada to sell annuities to the Canadian Public. The Government of Canada has entered into individual annuity contracts with a promise to pay the annuities and is required under the Act to keep an account, the Government Annuities Account in the Consolidated Revenue Fund to record all transactions related to these annuities. These transactions include all moneys received and paid, the assets and liabilities relating to the granting of an annuity, unclaimed and reclaimed annuities and the liability representing the present value of prospective annuities contracted. It also includes the accrual of interest earned.

(in thousands of Canadian dollars)

	As at March 31 2014	As at March 31 2013	As at April 1 2012
Liability of the Government of Canada reported in the Public Accounts of Canada at the beginning of the year	**182,995**	**201,512**	**221,264**
Accrued interest	11,747	12,955	14,248
Premiums	34	32	11
Reclaimed annuities	594	76	123
Annuity Payments	(28,477)	(30,216)	(32,815)
Premium refund and other	(71)	(54)	(92)
Unclaimed annuities	(60)	(140)	(63)
Actuarial surplus	(735)	(1,170)	(1,164)
	(16,968)	(18,517)	(19,752)
Liability of the Government of Canada reported in the Public Accounts of Canada at the end of the year	**166,027**	**182,995**	**201,512**

Government Annuities Account — *Concluded*

Notes to the Financial Statements for the year ended March 31, 2014 — *Concluded*

Accrued interest

Interest is recorded on an accrual basis and is calculated on the actuarial present value of accrued benefits as prescribed by the *Government Annuities Improvement Act* and the *Government Annuities Regulations*.

Premiums and other recoverable amounts

Premiums are deposited in the Consolidated Revenue Fund. This deposit earns interest at a rate of seven percent in accordance with the *Government Annuities Improvement Act* and the *Government Annuities Regulations*. Due to the short-term nature, the carrying value of the deposit with the Receiver General for Canada approximates its fair value.

Reclaimed annuities

Reclaimed annuities represent previously unclaimed amounts of annuitants that could not be located. If the annuitants are subsequently located, the actuarial present value of these annuities is paid.

Unclaimed annuities

Unclaimed annuities represent amounts of annuities that could not be paid because the annuitants could not be located.

Actuarial surplus/deficit

At the end of any fiscal year, the amount of the actuarial present value of accrued benefits may be different than the amount of actuarial liabilities determined by the actuary.

6. Related Party Transactions

The Account is related to Government departments, agencies and Crown corporations through common control held by the Government of Canada. There were no further significant transactions with related parties other than those described in Note 2 *(c)*, Services received without charge.

7. Comparative Information

Certain comparative figures have been reclassified to conform to the current year's presentation. The reclassification relates to the Statement of Changes in Pension Obligations only and is not significant.

Royal Canadian Mounted Police (Dependants) Pension Fund

Management Responsibility for Financial Statements

Responsibility for the integrity and fairness of the financial statements of the Royal Canadian Mounted Police (Dependants) Pension Fund rests with the management of the RCMP.

The financial statements of the Royal Canadian Mounted Police (Dependants) Pension Fund have been prepared in accordance with Canadian accounting standards for pension plans. The financial statements include management's best estimates and judgments where appropriate.

To fulfill its accounting and reporting responsibilities, management has developed and maintained books, records, internal controls and management practices designed to provide reasonable assurance as to the reliability of the financial information and to ensure that transactions are in accordance with the *Royal Canadian Mounted Police Pension Continuation Act* and regulations as well as the *Financial Administration Act* and regulations.

These financial statements have been audited by the Auditor General of Canada, the independent auditor for the Government of Canada.

Approved by:

Bob Paulson
Commissioner

Alain Duplantie, MBA, CPA, CGA
Deputy Commissioner
Chief Financial and Administrative Officer

August 28, 2014

Royal Canadian Mounted Police (Dependants) Pension Fund — *Continued*

Independent Auditor's Report

To the Minister of Public Safety and Emergency Preparedness

Report on the Financial Statements

I have audited the accompanying financial statements of the Royal Canadian Mounted Police (Dependants) Pension Fund, which comprise the statement of financial position as at 31 March 2014, and the statement of changes in net assets available for benefits and statement of changes in pension obligations for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for pension plans, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Royal Canadian Mounted Police (Dependants) Pension Fund as at 31 March 2014, and the changes in its net assets available for benefits and changes in its pension obligations for the year then ended in accordance with Canadian accounting standards for pension plans.

Report on Other Legal and Regulatory Requirements

In my opinion, the transactions of the Royal Canadian Mounted Police (Dependants) Pension Fund that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with the applicable provisions of the *Financial Administration Act*, and the *Royal Canadian Mounted Police Pension Continuation Act* and regulations.

Louise Bertrand, CPA, CA
Principal
for the Auditor General of Canada

28 August 2014
Ottawa, Canada

Royal Canadian Mounted Police (Dependants) Pension Fund — *Continued*

Statement of Financial Position

(in Canadian dollars)

	As at March 31, 2014	As at March 31, 2013	As at April 1, 2012
Liabilities			
Pension benefits payable (Note 3)	262,912	322,571	229,690
Net assets available for benefits	(262,912)	(322,571)	(229,690)
Pension obligations (Note 4)	19,326,360	20,443,534	22,119,442
Deficit to be financed by the Government of Canada (Note 5)	**(19,589,272)**	**(20,766,105)**	**(22,349,132)**

The accompanying notes are an integral part of these financial statements.

Approved by:

Bob Paulson
Commissioner

Alain Duplantie, MBA, CPA, CGA
Deputy Commissioner
Chief Financial and Administrative Officer

August 28, 2014

Statement of Changes in Net Assets Available for Benefits
Year ended March 31

(in Canadian dollars)

	2014	2013
Net assets available for benefits, beginning of year	**(322,571)**	**(229,690)**
Decrease (increase) in pension benefits payable	59,659	(92,881)
Net assets available for benefits, end of year	**(262,912)**	**(322,571)**

The accompanying notes are an integral part of these financial statements.

Statement of Changes in Pension Obligations
Year ended March 31

(in Canadian dollars)

	2014	2013
Pension obligations, beginning of year	**20,443,534**	**22,119,442**
Net interest accrued on benefits	1,100,421	1,207,301
Changes in actuarial assumptions (Note 6)	1,413,000	
Benefit increases	557,785	
Past service contributions from participants	3,697	3,719
Valuation data updates	(128,490)	
Experience gains	(200,909)	
Changes in provision for adverse mortality deviation (Note 7)	(1,114,000)	
Pension benefits payable		(322,571)
Survivor benefit payments	(2,748,678)	(2,564,357)
Pension obligations, end of year	**19,326,360**	**20,443,534**

The accompanying notes are an integral part of these financial statements.

Royal Canadian Mounted Police (Dependants) Pension Fund — *Continued*

Notes to the Financial Statements for the year ended March 31, 2014

1. Description of the Fund

The following is a summary description of the Royal Canadian Mounted Police (Dependants) Pension Fund.

(a) General

The Royal Canadian Mounted Police (Dependants) Pension Fund (the Fund) was established in 1934 pursuant to the *Royal Canadian Mounted Police Act* and is currently operated under Part IV of the *Royal Canadian Mounted Police Pension Continuation Act* (the *Act*) (effective 1959) and the related Regulations.

The *Act* provides for members of the Force, other than commissioned officers, appointed before March 1, 1949, the right to purchase certain survivorship benefits for their dependants by payment of specified contributions.

The RCMP is responsible for the management of the Fund. Responsibility for the day-to-day administration of the Fund was outsourced to Morneau Shepell. The Office of the Chief Actuary (OCA) of the Office of the Superintendent of Financial Institutions (OSFI) performs periodic actuarial valuations of the Fund.

All monetary transactions of the Fund are made through a specified purpose account in the Consolidated Revenue Fund (CRF).

The Fund is accounted for using the standards applicable to a defined benefit pension plan as described in Note 2*(a)*.

(b) Funding policy

All eligible members have now retired and, as such, there are no more active members contributing to the Fund; however, retired members may continue to make instalment payments in respect of previous elections made before their retirement.

The *Act* directs the Minister of Finance to have an actuarial valuation of the Fund prepared at least every five years. If the actuarial valuation discloses a surplus, the Governor in Council may, by order, increase the benefit payments. If there is an actuarial deficiency, the Governor in Council may direct that there be amounts transferred to the Fund, out of any unappropriated moneys in the CRF, as may be required to re-establish the solvency of the Fund.

(c) Survivor benefit payments

The following benefits, as applicable, are payable on the death of a member who has made the scheduled contributions and has left them in the Fund.

i. Widow's pension benefit

The widow is entitled to the pension purchased by the member. In many cases the pension benefit equals approximately 1.5 percent of the member's final pension benefit payment multiplied by his years of credited service.

The pension benefit is payable for life with a guarantee that the total payments shall be no less than the member's contributions.

ii. Lump sum benefits

If a member is not survived by a widow, a lump sum payment is made to the dependants and relatives of the member who are, in the opinion of the Minister, best entitled to share the benefit.

iii. Benefit limitations

Under certain circumstances, the basic death benefits payable to a surviving widow are reduced. This can occur when a member marries after age 60; in that case, the value of the pension to the widow cannot exceed the lump sum payable if he were not survived by a widow.

(d) Dividends on survivor benefit payments

The *Act* provides that if the Fund is substantially in excess of the amount required to make adequate provision for the prospective payments, the Governor in Council may, by order, increase the benefits provided under Part IV of the *Act* in such manner as may appear equitable and expedient. The authority of the Governor in Council is delegated to the Treasury Board under section 7(2) of the *Financial Administration Act*.

To date, most of these benefit increases have taken the form of proportionate dividends applied to all basic death benefits, both accrued and prospective.

(e) Withdrawal of contributions

A retired member who did not elect to withdraw his contributions from the Fund upon retirement retains the right to do so at any time thereafter; however, all his rights under Part IV of the *Act* and those of his dependants shall cease upon such election. All returns of contributions are made without interest.

2. Significant accounting policies

(a) Basis of presentation

The financial statements present the aggregate financial position of the Fund as a separate financial reporting entity independent of the sponsor and Fund members, on an ongoing basis. They are prepared to assist Fund members and others in reviewing the activities of the Fund for the fiscal period but they do not portray the funding requirements of the Fund.

These financial statements are prepared in Canadian dollars, the Fund's functional currency, in accordance with Canadian accounting standards for pension plans in Part IV of the Chartered Professional Accountants (CPA) Canada Handbook, Section 4600. Section 4600 provides specific accounting guidance on investments and pension obligations. For accounting policies that do not relate to either investments or pension obligations, the Fund complies with International Financial Reporting Standards (IFRS) in Part I of the CPA Canada Handbook. To the extent that IFRS in Part I is inconsistent with Section 4600, Section 4600 takes precedence.

The financial statements for the year ended March 31, 2014 were authorized for issue by the signatories on August 28, 2014.

(b) Changes in accounting policies

For many years, management reported an amount Due from the Consolidated Revenue Fund (CRF) as an asset in the Fund's financial statements. The amount Due from the CRF represented an accounting of all contributions, benefit payments and calculated interest as set out in the *Act*. The balance in the Fund is reported in a specified purpose account in the *Public Accounts of Canada*.

While contributions, payments and interest calculations to the Fund are tracked and recorded in the *Public Accounts of Canada*, management has determined that the amount Due from the CRF and certain related financial statement line items should be removed from the financial statements to provide more reliable and relevant information for the users of the financial statements concerning the funded status of the Fund.

As a result, the following tables show the impact of the revised accounting policies on the prior years' Statement of Financial Position and Statement of Changes in Net assets Available for Benefits. Survivor Benefit Payments are not affected by the removal of the Due from the CRF and related financial statement line items.

Royal Canadian Mounted Police (Dependants) Pension Fund — *Continued*

Notes to the Financial Statements for the year ended March 31, 2014 — *Continued*

Statement of Financial Position
As at March 31, 2013

(in Canadian dollars)

	As previously reported	Effect of asset presentation changes	Revised based on changes in presentation
Assets			
Due from the Consolidated Revenue Fund	22,676,882	(22,676,882)	
Liabilities			
Pension benefits payable (Note 3)	322,571		322,571
Net assets available for benefits	22,354,311	(22,676,882)	(322,571)
Pension obligations (Note 4)	20,443,534		20,443,534
Deficit to be financed by the Government of Canada (Note 5)	**1,910,777**	**(22,676,882)**	**(20,766,105)**

Opening Statement of Financial Position
As at April 1, 2012

(in Canadian dollars)

	As previously reported	Effect of asset presentation changes	Revised based on changes in presentation
Assets			
Due from the Consolidated Revenue Fund	24,169,509	(24,169,509)	
Liabilities			
Pension benefits payable (Note 3)	229,690		229,690
Net assets available for benefits	23,939,819	(24,169,509)	(229,690)
Pension obligations (Note 4)	22,119,442		22,119,442
Deficit to be financed by the Government of Canada (Note 5)	**1,820,377**	**(24,169,509)**	**(22,349,132)**

Statement of Changes in Net Assets Available for Benefits
Year ended March 31, 2013

(in Canadian dollars)

	As previously reported	Effect of asset presentation changes	Revised based on changes in presentation
Net assets available for benefits, beginning of year	**23,939,819**	**(24,169,509)**	**(229,690)**
Increase in pension benefits payable		(92,881)	(92,881)
Net assets available for benefits, end of year	**23,939,819**	**(24,262,390)**	**(322,571)**

(c) Significant accounting policies

The significant accounting policies are as follows:

i. Survivor benefit payments

Benefits are recognized on an accrual basis as a reduction of Pension Obligations and Net Assets Available for Benefits upon the death of a member who has made the scheduled contributions and has left them in the Fund or upon the death of a widow.

ii. Pension obligations

The value of pension obligations during the year is based on a triennial actuarial valuation which is prepared by the OCA. It uses the projected benefit method prorated on pensionable service and management's best estimates, as at the valuation date, of various economic and non-economic assumptions. For the interim years, the assumptions used in the triennial valuation are evaluated for continued relevancy and the valuation is adjusted by the actuary for transactions occurring during the period.

iii. Services provided without charge and related party transactions

The Fund does not record the value of administrative services it receives without charge from various government departments and agencies as they are insignificant in the context of the financial statements taken as a whole. These services include the following:

— Financial management and other support services from the Royal Canadian Mounted Police;

— Actuarial valuation and other services from the Office of the Chief Actuary;

— Cheques issued from Public Works and Government Services Canada; and

— Office of the Auditor General audit costs.

(d) Sources of estimation uncertainty

In preparing these financial statements, management uses estimates and assumptions that primarily affect the reported amounts of liabilities and related disclosures.

In making estimates and using assumptions, management relies on external information and observable conditions where possible. The estimates and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ significantly from the estimates and assumptions. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The Pension Obligations are the most significant item where estimates and assumptions are used. The Pension Obligations depend on a number of factors that are determined on an actuarial basis using a number of estimates and assumptions, such as discount rates (future Fund yields), mortality rates, proportion of members married, and age of new widows. The Fund consults with external actuaries from the Office of the Chief Actuary regarding these estimates and assumptions annually. Any changes will impact the carrying amount of the Pension Obligations. Details of these estimates and assumptions have been disclosed in Note 4.

3. Pension benefits payable

Pension Benefits Payable represent the lump sum benefits that became payable upon the death of members or widows during the year but had not yet been approved by the Minister for payment. At March 31, 2014, the Pension Benefits Payable were $262,912 ($322,571 as at March 31, 2013).

4. Pension obligations

The most recent statutory actuarial valuation was performed as at March 31, 2013 by the Office of the Chief Actuary. The valuation disclosed an actuarial surplus of $1,343,000. On March 28, 2014, an Order in Council approved that a portion of this surplus will be distributed by annual effective increases in the pension amount of 1.2 percent as at April 1, 2014, 1.2 percent as at April 1, 2015 and 1.2 percent as at April 1, 2016 and by increases to lump sum death benefits and residual payments.

The remaining balance of the actuarial surplus is intended to be used over the remaining life of the Fund for the payment of increases in the pension benefits. At March 31, 2014, the average age of members was estimated to be 89.5 years and the average age of widows was estimated to be 87.8 years. The remaining life of the Fund was estimated at 31 years based on the statutory actuarial valuation as at March 31, 2013.

Royal Canadian Mounted Police (Dependants) Pension Fund — *Concluded*

Notes to the Financial Statements for the year ended March 31, 2014 — *Concluded*

The obligations for pension benefits are determined on an actuarial basis and incorporate management's best estimates of future economic events and involve both economic and non-economic assumptions. The non-economic assumptions include considerations such as mortality rates, proportion of members married, and age of new widows. The primary economic assumptions relate to Fund yields. The yields are based on the rate applicable to a portfolio of notional 20 year Government of Canada bonds as at the date of the triennial actuarial valuation.

The expected Fund yield for the year-ended March 31, 2015 is 5.1 percent per annum. The expected long-term Fund yield is estimated to decline to 4.1 percent per annum by the year 2024 and to rise to an ultimate level of 5.0 percent. Variations in any of these assumptions can result in a significantly higher, or lower, estimate of the liability.

An interim valuation was performed as at March 31, 2014, to estimate the actuarial present value of accrued pension benefits and the principal components of change in the actuarial present value during the plan year. The Pension Obligations at March 31, 2014 were $19,326,360 ($20,443,534 as at March 31, 2013).

The next statutory actuarial valuation is expected to be as at March 31, 2016.

During the year, no amendments were made to the Fund (2013 – nil).

5. Funding of benefits

All transactions of the Fund are made through a specified purpose account in the Consolidated Revenue Fund (CRF) and are reported in the *Public Accounts of Canada*. This includes receiving contributions, recording interest earned on the Fund and paying survivor benefits.

The government has a statutory obligation to pay benefits relating to the Fund. This pension obligation is to the survivors of the participants who contributed to the Fund over the years. However, if the Fund is substantially in excess of the amount required to make adequate provision for the prospective payments, the Governor in Council may increase benefits in order to disburse the surplus to the survivors. As a result, the government has an obligation to the beneficiaries for the balance of the Fund as reported in the specified purpose account. The following table illustrates these obligations:

(in Canadian dollars)

	As at March 31, 2014	As at March 31, 2013	As at April 1, 2012
Opening balance, specified purpose account	**22,676,882**	**24,169,509**	**26,090,424**
Receipts and other credits	1,152,623	1,301,417	1,468,268
Payments and other charges	(3,071,244)	(2,794,044)	(3,389,183)
Closing balance, specified purpose account	**20,758,261**	**22,676,882**	**24,169,509**
Deficit to be financed by the Government of Canada	(19,589,272)	(20,766,105)	(22,349,132)
Excess owed to beneficiaries	**1,168,989**	**1,910,777**	**1,820,377**

6. Changes in actuarial assumptions

Changes in actuarial assumptions include changes to widow mortality, interest rate and member mortality assumptions.

7. Changes in provision for adverse mortality deviation

In the statutory actuarial valuation performed as at March 31, 2010, an additional actuarial liability of $932,000 was set up as a provision to absorb the financial impact of random adverse mortality deviations. As the average age of members and widows was close to 90 in the statutory actuarial valuation as at March 31, 2013, the provision for adverse mortality deviations was removed. The removal of this provision together with interest, which amounted to $182,000, reduced the Pension Obligations by $1,114,000 (nil in 2013).

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Section 7

2013-2014

Public Accounts of Canada

Cash and Accounts Receivable

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Cash and Accounts Receivable

This section contains information on accounts reported on the Consolidated Statement of Financial Position under "Cash and Accounts Receivable".

Table 7.1 presents the year-end balances of cash and accounts receivable by category.

Table 7.1
Cash and Accounts Receivable

	March 31/2014	March 31/2013
	$	$
Cash and cash equivalents, Table 7.2	31,429,002,558	27,341,036,225
Taxes receivable, Table 7.3	92,489,235,274	92,114,538,870
Other accounts receivable, Table 7.5	4,655,975,361	4,698,326,405
Total cash and accounts receivable	128,574,213,193	124,153,901,500

Cash and Cash Equivalents

Cash consists of public moneys on deposit and cash in transit at March 31st. Cash in bank consists of public moneys on deposit to the credit of the Receiver General for Canada, with the Bank of Canada, chartered banks and other financial institutions. Cash with the Bank of Canada includes operational balances and balances held for the Prudential Liquidity Fund. Cash in transit consists of public moneys received by public officers prior to April 1, but not deposited by that date as well as cash held by consolidated Crown corporations and other entities. Outstanding cheques and warrants are deducted to arrive at the closing cash balance.

Cash equivalents consist mainly of term deposits resulting from auctions administered by the Bank of Canada and the Department of Finance on behalf of the Minister of Finance. The short term deposits, denominated in Canadian dollars, are made from a portion of the daily surplus of cash balance and have a short term maturity, usually not exceeding 31 calendar days.

Table 7.2 presents a summary of the cash and cash equivalents.

Table 7.2
Cash and Cash Equivalents

	March 31/2014 $	March 31/2013 $
Cash in bank —		
Canadian currency [1]	22,048,776,596	18,073,595,015
Foreign currencies [2]	14,128,813	211,116,546
Special deposits [3]	50,000,000	50,000,000
Total cash in bank	22,112,905,409	18,334,711,561
Cash in transit —		
Cash in hands of collectors and in transit.	10,130,655,855	7,616,796,481
Other cash — Consolidated Crown corporations and other entities [4]	569,357,000	508,927,000
Total cash in transit	10,700,012,855	8,125,723,481
Less: Outstanding cheques and warrants —		
Outstanding cheques [5]	5,343,849,151	5,100,123,917
Imprest account cheques [6]	110,652	94,831
Total outstanding cheques and warrants	5,343,959,803	5,100,218,748
Total cash	27,468,958,461	21,360,216,294
Cash equivalents	3,960,044,097	5,980,819,931
Total cash and cash equivalents	31,429,002,558	27,341,036,225

(1) Included in Canadian currency is $20,000,000,000 ($15,000,000,000 in 2013) with respect to the Prudential Liquidity Fund.

(2) These balances denominated in US dollars include cash and cash equivalents which have been translated into Canadian dollars at March 31.

(3) These are balances in the hands of financial institutions for the reimbursement of GST refund payments issued by the Ministère du Revenu du Québec on behalf of the Government.

(4) These funds are not public moneys to the credit of the Receiver General for Canada but are for the exclusive use of consolidated Crown corporations and other entities.

(5) Receiver General cheques issued in Canadian dollars, and outstanding are recorded in this account. Cheques outstanding for 10 years are transferred to other revenues. During the year, an amount of $40,335,371 ($39,797,073 in 2013) was transferred to other revenues. Cheques in foreign currencies are credited to the Government's cash account at the time of issue.

(6) Imprest account cheques issued and unpaid at March 31, with the exception of those outstanding for 10 years or more (which have been transferred to other revenues), are recorded in this account.

Taxes Receivable

Taxes receivable include amounts assessed by Canada Revenue Agency and the Canada Border Services Agency but not yet collected, as well as estimates of unassessed taxes at year end. Amounts receivable also include related amounts for interest and penalties.

Taxes receivable include taxes, premiums and contributions collectable on behalf of others such as provincial, territorial governments and the Canada Pension Plan. These amounts have also been included in liabilities.

The Government establishes an allowance for doubtful accounts to reduce the carrying value of the taxes receivable to amounts that approximate their net realizable value.

Table 7.3 presents taxes receivable by tax stream. Amounts receivable that are written off or forgiven are included in Section 2 of Volume III (Debts, obligations and claims written off or forgiven).

Table 7.3

Taxes Receivable as at March 31

	2014			2013		
	Gross taxes receivable	Allowance for doubtful accounts	Net taxes receivable	Gross taxes receivable	Allowance for doubtful accounts	Net taxes receivable
	$	$	$	$	$	$
Taxes receivable —						
Income taxes receivable —						
Individuals	52,161,537,912	6,621,151,526	45,540,386,386	49,082,126,893	6,488,467,734	42,593,659,159
Employers	16,126,457,910	944,912,920	15,181,544,990	16,814,921,560	1,078,470,636	15,736,450,924
Corporations	15,409,462,337	2,151,715,071	13,257,747,266	13,753,844,431	1,869,359,235	11,884,485,196
Non-residents	1,442,341,650	138,537,871	1,303,803,779	1,208,658,598	134,326,977	1,074,331,621
Goods and services taxes receivable	17,751,977,587	2,778,577,883	14,973,399,704	20,625,564,995	2,713,768,204	17,911,796,791
Customs duties receivable	246,051,141	15,533,111	230,518,030	479,400,558	18,523,095	460,877,463
Excise taxes and duties receivable	2,041,195,050	39,359,931	2,001,835,119	2,505,389,013	52,451,297	2,452,937,716
Total	105,179,023,587	12,689,788,313	92,489,235,274	104,469,906,048	12,355,367,178	92,114,538,870

Table 7.4 presents the aging for taxes receivable for the period over which claims at March 31 have been outstanding. Receivables based on estimates of unassessed taxes at year end are included in current receivables.

Table 7.4

Aging of Taxes Receivable

	Year ended March 31	
	2014	2013
	$	$
Taxes receivable —		
Less than one year	68,085,532,437	70,196,417,812
1-2	7,156,690,840	6,434,206,474
2-3	4,888,330,498	4,620,057,093
3-4	4,152,897,018	4,145,573,641
4-5	4,063,866,877	3,380,086,632
Over 5 years	16,831,705,917	15,693,564,446
Total	105,179,023,587	104,469,906,048

Other Accounts Receivable

Other accounts receivable represent billed (but uncollected) and unbilled or accrued financial claims arising from amounts owed to the Government for use of its assets, or from the proceeds for provision of services as of March 31, 2014.

Amounts receivable written off or forgiven are included in Section 2 of Volume III (Debts, obligations and claims written off or forgiven).

Table 7.5 presents a summary of the balances for other receivables.

Table 7.5
Other Accounts Receivable as at March 31

	2014			2013		
	Gross receivables	Allowance for doubtful accounts	Net receivables	Gross receivables	Allowance for doubtful accounts	Net receivables
	$	$	$	$	$	$
Other receivables [1]	4,849,070,487	1,864,837,126	2,984,233,361	4,540,716,274	1,710,375,869	2,830,340,405
Accounts receivable of consolidated Crown corporations and other entities	1,671,742,000		1,671,742,000	1,867,986,000		1,867,986,000
Total	6,520,812,487	1,864,837,126	4,655,975,361	6,408,702,274	1,710,375,869	4,698,326,405

[1] Other receivables are the financial claims owed to the Government and arising from other revenues.

Table 7.6 presents the aging of other accounts receivable for the period over which claims at March 31 have been outstanding.

Table 7.6
Aging of Other Accounts Receivable

	Year ended March 31	
	2014	2013
	$	$
Outstanding days		
0-30	1,928,981,621	1,775,858,832
31-60	155,159,259	181,997,720
61-90	185,524,406	178,149,794
91-365	450,141,860	430,633,933
Over 365	2,129,263,341	1,974,075,995
Total	4,849,070,487	4,540,716,274
Accounts receivable of consolidated Crown corporations and other entities	1,671,742,000	1,867,986,000
Total	6,520,812,487	6,408,702,274

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Section 8

2013-2014

Public Accounts of Canada

Foreign Exchange Accounts

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Foreign Exchange Accounts

Foreign exchange accounts represent financial claims and obligations of the Government as a result of Canada's foreign exchange operations. Financial claims and obligations denominated in foreign currencies are reported at Canadian dollar equivalents at March 31. Investment income from the foreign exchange accounts and net gains and losses resulting from the translation of the net assets denominated in foreign currencies, to Canadian dollar equivalents as at March 31, are recorded in foreign exchange net revenues on the Consolidated Statement of Operations and Accumulated Deficit.

Table 8.1 presents the continuity of each foreign exchange account, by showing the opening and closing balances, as well as payments and other charges and receipts and other credits. It should be noted, however, that this table excludes unmatured debt payable in foreign currencies, amounting to $16,030 million as at March 31, 2014 ($10,802 million as at March 31, 2013); details relating to these obligations are presented in Section 6 of this volume. A narrative description is provided for accounts reported in some tables. Such description follows the same presentation order as the respective tables.

Table 8.1
Foreign Exchange Accounts

	April 1/2013	Payments and other charges	Receipts and other credits	March 31/2014
	$	$	$	$
International reserves held in the Exchange Fund Account, Table 8.2	63,381,345,393	28,057,918,867	14,074,186,100	77,365,078,160
International Monetary Fund — Subscriptions	9,693,858,708	1,189,129,640		10,882,988,348
International Monetary Fund — Loans	1,456,483,550	384,336,604	175,599,228	1,665,220,926
	74,531,687,651	*29,631,385,111*	*14,249,785,328*	*89,913,287,434*
Less:				
International Monetary Fund — Notes payable	6,659,365,724	366,000,000	1,125,652,556	7,419,018,280
Special drawing rights allocations	9,113,798,489		1,117,974,610	10,231,773,099
	15,773,164,213	*366,000,000*	*2,243,627,166*	*17,650,791,379*
Total	58,758,523,438	29,997,385,111	16,493,412,494	72,262,496,055

International Reserves held in the Exchange Fund Account

This account records the moneys advanced from the Government to the Exchange Fund Account, in Canadian and other currencies, for the purchase of gold, foreign currencies and securities, and special drawing rights (SDRs).

The Exchange Fund Account is operated under the provisions of the *Currency Act*. The financial statements at March 31, 2014 are found at the end of this section.

Table 8.2 shows international reserves held in and advances to the Exchange Fund Account as at March 31, 2014. Gold held by the Account is valued at SDR 35 per fine ounce ($59.80 Cdn as at March 31, 2014 and $53.27 Cdn as at March 31, 2013).

In 2013-2014, payments and other charges consisted of advances to the Exchange Fund Account in the amount of $19,608 million, an adjustment of $1,505 million to recognize the net income of the Exchange Fund Account for the period April 1, 2013 to March 31, 2014, and a net valuation adjustment of $6,945 million. Receipts and other credits consisted of repayments of advances of $14,074 million.

Table 8.2

International Reserves held in the Exchange Fund Account

(in millions of dollars)

	March 31/2014	March 31/2013
US dollar cash and cash equivalents	391	313
US dollar marketable securities	46,636	36,599
Euro cash and cash equivalents	51	16
Euro marketable securities	19,903	17,462
British pound sterling cash and cash equivalents	2	
British pound sterling marketable securities	199	
Japanese yen cash and cash equivalents	10	8
Japanese yen marketable securities	316	306
Short-term deposits	223	
Special drawing rights	9,628	8,671
Gold	6	6
Total	77,365	63,381
Advances by the Consolidated Revenue Fund were denominated as follows:		
US dollars	50,846	40,189
Euro	18,725	16,456
British pound sterling	201	
Japanese yen	317	306
Special drawing rights (2014, SDR 4,599 million; 2013, SDR 4,598 million)	7,858	6,998
Canadian dollars	(2,087)	(1,969)
Total advances from the Consolidated Revenue Fund	75,860	61,980
Total net revenue for the year	1,505	1,401
Total	77,365	63,381

International Monetary Fund

Subscriptions

This account records the value of Canada's subscription (its "quota") to the capital of the International Monetary Fund (IMF).

The amount by which the sum of Canada's subscriptions plus loans to the IMF under special facilities exceeds the IMF's holdings of Canadian dollars represents the amount of foreign exchange which Canada is entitled to draw from the IMF on demand for balance of payments purposes. The subscription is expressed in terms of SDR, a unit of account defined in terms of a "basket" of four major currencies, the Euro, US dollar, British pound sterling and Japanese yen.

Canada has accumulated its subscriptions through settlements to the IMF in Canadian dollars, gold and SDRs. Annual maintenance of value payments are made to, or received from, the IMF when the Canadian dollar depreciates or appreciates against the SDR, in order to maintain the SDR-value of the IMF's holdings of Canadian dollars.

In 2013-2014, payments and other charges consisted of a valuation adjustment of $1,189 million.

Loans

This account records the value of interest-bearing loans made under Canada's multi-lateral and bi-lateral borrowing arrangements with the IMF. The purpose of these arrangements is to provide temporary resources for IMF-member countries requiring balance of payment assistance.

There are two outstanding lending arrangements with the IMF outside of the quota system: the multi-lateral New Arrangements to Borrow (NAB) and General Arrangements to Borrow (GAB).

Canada's participation in the expanded New Arrangements to Borrow (NAB) became effective on March 11, 2011. The maximum lending by Canada to the IMF under these arrangements is limited to SDR 7,624 million. As at March 31, 2014, SDR 975 million or $1,665 million (SDR 957 million or $1,456 million in 2013) in lending has been provided to the IMF under the NAB.

Canada also participates in the General Arrangements to Borrow (GAB) which was most recently renewed in November 2012. The maximum lending by Canada to the IMF under these arrangements is limited to SDR 893 million. As at March 31, 2014, no lending had been provided to the IMF under the GAB.

Collectively, the outstanding loans under multi-lateral arrangements with the IMF cannot exceed SDR 8,517 million at any given time. This reflects the maximum commitment under both the NAB and GAB.

At March 31, 2014, a total of SDR 975 million or $1,665 million was outstanding under these arrangements. Amounts advanced under these arrangements are considered part of the Official International Reserves of Canada.

Notes Payable

This account records non-marketable, non-interest bearing notes issued by the Government to the IMF. These notes are payable on demand and are subject to redemption or re-issue, depending on the needs of the IMF for Canadian currency.

Canadian dollar holdings of the IMF include these notes and a small working balance (initially equal to one-quarter of one percent of Canada's subscription) held on deposit at the Bank of Canada. In 2013-2014, notes payable to the IMF increased by $760 million.

Special Drawing Rights Allocations

This account records the value of SDRs allocated to Canada by the IMF. The SDR is an international currency created by the IMF, and allocated to countries participating in its Special Drawing Rights Department. It represents a liability of Canada, as circumstances could arise whereby Canada could be called upon to repay these allocations, in part or in total.

As an asset, SDRs represent rights to purchase currencies of other countries participating in the IMF's Special Drawing Rights Department, as well as to make payments to the IMF itself. All SDRs allocated to Canada by the IMF have either been used to settle subscriptions in the IMF, or have been advanced to the Exchange Fund Account.

There was no allocation of SDRs by the IMF to Canada during the year. In 2013-2014, receipts and other credits consisted of a valuation adjustment of $1,118 million.

Supplementary Statement

Exchange Fund Account

Statement of Financial Position *(unaudited)* as at 31 March

(in millions of Canadian dollars)

	2014	2013
Financial assets		
Cash and cash equivalents (Note 2, Note 3)	677	337
Investments (Note 2)		
Marketable securities (Note 3)	67,054	54,368
Special drawing rights (Note 3)	9,628	8,671
Gold (Note 3)	6	6
Total investments	76,688	63,045
Total financial assets	77,365	63,382
Liabilities		
Due to the Consolidated Revenue Fund (Note 4)	77,365	63,382

The accompanying notes are an integral part of these financial statements.

Paul Rochon
Deputy Minister
Department of Finance

Randy Larkin, CPA, CMA
Chief Financial Officer
Department of Finance

Statement of Operations *(unaudited)* for the year ended 31 March

(in millions of Canadian dollars)

	2014	2013
Net revenue from investments		
Marketable securities		
Interest	1,130	1,091
Gains on sales of marketable securities	294	404
Transaction costs and other	(1)	(3)
Interest on cash and cash equivalents	1	1
Interest on special drawing rights	8	8
Gains on sales of gold	12	13
Total net revenue from investments	1,444	1,514
Other		
Net foreign exchange gain (loss)	61	(113)
Net revenue for the year (Note 2)	**1,505**	**1,401**

The accompanying notes are an integral part of these financial statements.

Exchange Fund Account — *Continued*

Notes to the Financial Statements for the year ended 31 March 2014 *(unaudited)*

1. Authority and Objectives

The Exchange Fund Account (the Account) is governed by Part II of the *Currency Act*. The Account is in the name of the Minister of Finance and is administered by the Bank of Canada as fiscal agent. The *Financial Administration Act* does not apply to the Account.

The legislative mandate of the Account is to aid in the control and protection of the external value of the Canadian dollar. The Minister of Finance empowers the Account to acquire or sell assets deemed appropriate for this purpose, in accordance with the Account's *Statement of Investment Policy*.

Assets held in the Account are managed to provide foreign-currency liquidity to the government and to promote orderly conditions for the Canadian dollar in foreign exchange markets, if required. Canada's current policy is to intervene in foreign exchange markets on a discretionary, rather than a systematic, basis and only in the most exceptional of circumstances. Since September 1998, no transactions have been aimed at moderating movements in the value of Canadian dollar.

In accordance with the *Currency Act*, the net revenue for the year is paid to or charged to the Consolidated Revenue Fund (CRF) of the Government of Canada within three months after the end of the fiscal year, and the Minister of Finance reports to Parliament on the operations of the Account within the first 60 days on which Parliament is sitting after the end of the fiscal year. These statements have been prepared by the Department of Finance.

2. Significant accounting policies

As stipulated in the *Currency Act*, the financial statements of the Account are prepared in a manner consistent with the accounting policies used by the Government of Canada to prepare its financial statements.

(a) Revenue recognition

Revenue from investments is recognized on an accrual basis and includes interest earned, the amortization of premiums and discounts using the straight-line method, gains or losses on sales of securities and on sales of gold, and revenues from securities lending activities. Interest is accrued on short-term deposits, deposits held under repurchase agreements, marketable securities, and special drawing rights (SDRs).

(b) Expense recognition

The Account's administrative, custodial, and fiscal agency services are provided and paid for by the Bank of Canada and the Department of Finance. These costs have not been recognized in the Statements.

In addition, the notional cost of the funding of the Account's assets and advances from the CRF are not recognized in the Statements.

(c) Financial assets

Cash and cash equivalents

Cash and cash equivalents consists of cash and short-term deposits. Short-term deposits are measured at cost and are generally held to maturity. The resulting revenue is included in interest from cash and cash equivalents.

Deposits held under repurchase agreements

Deposits held under repurchase agreements are measured at cost. The resulting revenue is included in income from marketable securities. At the reporting date, and in the prior year, the Account did not hold deposits held under repurchase agreements.

Marketable securities

Purchases and sales of securities are recognized at the settlement dates. Marketable securities are measured at cost and are adjusted for amortization of purchase discounts and premiums on a straight-line basis over the term to maturity of the security. The carrying value of marketable securities includes accrued interest.

On de-recognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in net revenue.

Short-term deposits, deposits held under repurchase agreements and marketable securities are written down to their recoverable amount in the event of an other-than-temporary impairment in value. Writedowns to reflect other-than-temporary impairment are recognized in Total net revenue from investments in the Statement of Operations.

Exchange Fund Account — *Continued*

Notes to the Financial Statements for the year ended 31 March 2014 *(unaudited) — Continued*

Securities lending program

Under the securities lending program, the Account has agency agreements with two major financial institutions. Loans of securities are effected on behalf of the Account by these agents, who guarantee the loans and obtain collateral of equal or greater value from approved counterparties. These transactions can range from 1 to 31 days in duration. The securities loaned continue to be accounted for as investment assets. Income on securities lending transactions is included in Total net revenue from investments on the Statement of Operations.

Special drawing rights

The SDR serves as the unit of account for the International Monetary Fund (IMF) and its value is based on a "basket" of four major currencies: the euro, US dollar, the British pound sterling and the Japanese yen.

SDRs are initially recognized at cost and are subsequently remeasured at each reporting date into Canadian dollars at market exchange rates.

Gold

Gold is carried in the Account at a value of 35 SDRs per fine ounce.

Translation of foreign currencies and special drawing rights

Assets denominated in foreign currencies and SDRs are translated into Canadian-dollar equivalents at the rates prevailing as of the date of the Statements, which were as follows:

	2014	2013
US dollars	1.1055	1.0160
Euros	1.5230	1.3024
Japanese yen	0.0107	0.0108
British pound sterling	1.8430	
SDRs	1.7087	1.5220

Gains or losses resulting from the translation of assets and advances from the CRF denominated in foreign currencies and SDRs, as well as from transactions throughout the fiscal year, are recognized as net foreign exchange gains or losses and are included in the Statement of Operations.

Investment revenue in foreign currencies and SDRs is translated into Canadian-dollars at the foreign exchange rates prevailing on the date the revenue is earned.

(d) Use of estimates and measurement uncertainty

The preparation of the Statements requires management to make estimates and assumptions based on information available as of the date of the Statements. Significant estimates are primarily in the area of the fair values of financial instruments, including any impairment (Note 3).

3. Financial Instruments

Fair value of financial assets

(in millions of Canadian dollars)

	31 March 2014		31 March 2013	
	Carrying amount	Fair value	Carrying amount	Fair value
Cash and cash equivalents				
US dollar	391	391	313	313
Euro	51	51	16	16
Japanese yen	10	10	8	8
British pound sterling	2	2		
Short-term deposits	223	223		
Total cash and cash equivalents	677	677	337	337
Investments				
Marketable securities				
US dollar	46,636	47,423	36,599	38,553
Euro	19,903	21,037	17,462	18,830
Japanese yen	316	318	307	308
British pound sterling	199	198		
Total marketable securities	67,054	68,976	54,368	57,691
SDRs	9,628	9,628	8,671	8,671
Gold	6	137	6	167
Total investments	76,688	78,741	63,045	66,529
Total financial assets	77,365	79,418	63,382	66,866

The estimated fair value of cash and cash equivalents approximates their carrying value, given their short term to maturity.

The estimated fair values of marketable securities are based on quoted market prices and include accrued interest. If such prices are not available, the fair value is determined by discounting future cash flows using an appropriate yield curve. During the year, and in the prior year, no marketable securities were written down to reflect other-than-temporary impairment in value.

Since SDRs are translated into Canadian-dollar equivalents at the rates prevailing at the Statement date, the carrying value approximates fair value on the reporting date.

The estimated fair value of gold is based on the London gold fixing of $1,428.03 at 31 March 2014 ($1,623.82 at 31 March 2013) per fine ounce.

Exchange Fund Account — *Continued*

Notes to the Financial Statements for the year ended 31 March 2014 *(unaudited) — Continued*

Credit risk

Credit risk is the risk that a counterparty to a financial contract will cause a loss to the Account by failing to discharge its obligations in accordance with agreed upon terms.

To ensure that the Account's asset portfolio is prudently diversified with respect to credit risk, the *Statement of Investment Policy* prescribed by the Minister of Finance specifies limits on holdings by class of issuer (sovereign, agency, supranational, corporation or commercial financial institution), by any one issuer or counterparty, and by type of instruments. The Statement of Investment Policy also specifies the treatment of holdings that do not meet eligibility criteria or limits due to exceptional circumstances such as ratings downgrades.

With respect to the *Statement of Investment Policy*, the Account may hold fixed income securities of highly rated sovereigns, central banks, government-supported entities and supranational organizations. To be eligible for investment, an entity must have a credit rating in the top seven categories from two of four designated rating agencies (Standard & Poor's, Moody's, Fitch, and Dominion Bond Rating Service). The Account may also make deposits and execute other transactions, up to prescribed limits, with commercial financial institutions that meet the same rating criteria.

As stipulated in the *Currency Act*, the Minister may appoint agents to perform services concerning the Account. Through the securities-lending program, agents can lend securities only up to a prescribed maximum amount and only to a list of approved counterparties. Each borrower must enter into a Securities Loan Agreement with at least one of the agents. Borrowers are also required to provide collateral for securities borrowed, according to a specific list approved by the Government. Collateral is limited to specific security types, terms to maturity, and credit ratings.

The agents also provide an indemnity in the event of default by the borrower. The Account enters into securities lending transactions in order to increase its return on investments.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk, and other price risk. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or currency risk. The Account is not exposed to significant other price risk.

Interest rate and currency risks are managed, with due consideration of the risk to the Government of Canada, through the asset-liability management policy. This policy utilizes a strategy of matching the duration structure and the currency of the Account's assets with the foreign currency borrowings of the Government of Canada that notionally finance the Account's assets. Other price risks are mitigated by holding high quality liquid assets.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting its obligations associated with financial liabilities. Liquidity risk is minimized by limiting the portion of the Government of Canada's foreign liabilities that needs to be renewed within a one year period. In addition, liquidity risk is mitigated by holding short-term investments that are matched to the Government of Canada's maturing liabilities in foreign currencies.

Securities lending

As at 31 March 2014, the Account's investments included securities held by its agents in connection with the securities lending program. Investments with a fair market value of $316 million ($1,618 million at 31 March 2013) and an amortized cost of $332 million ($1,613 million at 31 March 2013) were being used in the securities lending program. A lower fair value compared to amortized cost is attributable to regular market fluctuations.

No securities were lent to eligible borrowers at the reporting date (nil at 31 March 2013).

Exchange Fund Account — *Concluded*

Notes to the Financial Statements for the year ended 31 March 2014 *(unaudited) — Concluded*

4. Due to the Consolidated Revenue Fund (CRF)

The Account is funded by the Government of Canada through interest-free advances from the CRF. Advances to the Account from the CRF are authorized by the Minister under the terms and conditions prescribed by the Minister of Finance. Pursuant to Section 19 of the *Currency Act*, these advances are limited to $100 billion by order of the Minister of Finance in September of 2009.

The CRF advances the proceeds of the Government of Canada's borrowings in foreign currencies and allocations of SDRs by IMF to the Account. Subsequent repayments of foreign currency debt are made using the assets of the Account and result in reductions of foreign currency advances from the CRF. Interest payable by the Government of Canada on borrowings in foreign currencies and charges on allocations of SDRs to Canada are charged directly to the CRF.

The Account requires Canadian-dollar advances to settle its purchases of foreign currencies. Canadian dollars received from sales of foreign currencies are remitted to the CRF. This, together with foreign currency payments made on behalf of the Government of Canada causes reductions in the level of outstanding Canadian-dollar advances, and can result in overall net deposits of Canadian-dollars by the Account with the CRF.

At 31 March, advances from the CRF were comprised of the following currencies:

Currency composition of advances from the CRF
(in millions of Canadian dollars)

	2014	2013
US dollars	50,846	40,189
Euros	18,725	16,456
Japanese yen	317	306
British pound sterling	201	
SDRs	7,858	6,999
Subtotal — Foreign currencies	77,947	63,950
Canadian dollars	(2,087)	(1,969)
Net revenue	1,505	1,401
Total	77,365	63,382

Section 9

2013-2014

Public Accounts of Canada

Loans, Investments and Advances

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Loans, Investments and Advances

Loans, investments and advances is a category of financial claims represented by debt instruments and ownership interests held by the Government of Canada acquired through the use of parliamentary appropriations, except for the portion of the investment balances representing adjustments for the equity of enterprise Crown corporations and other government business enterprises. Some of these appropriations permit repayments to be used for further loans and advances. Details of the use of non-budgetary appropriations, for loans, investments and advances, can be found in the ministerial sections of Volume II.

The investment in enterprise Crown corporations and other government business enterprises is accounted for under the modified equity method and is carried at cost which is adjusted for the annual profits or losses of the enterprises and reduced by any dividends paid by the corporations to the Government. Under the modified equity method, the accounting policies of the enterprise Crown corporations and other government business enterprises are not adjusted to conform to the Government's accounting policies. The Government also reports any amounts receivable from or payable to these corporations and where the Government has advanced funds to the corporations to support their direct lending activities, the amounts are recorded as loans and advances by the Government.

Other loans, investments and advances are initially recorded at cost and are subject to annual valuation to reflect reductions from the recorded value to the approximate net realizable value. Foreign currency transactions are translated and recorded in Canadian dollar equivalents at the exchange rates prevailing at the transaction dates. Balances of loans, investments and advances resulting from foreign currency transactions are reported at year-end closing rates of exchange; net gains and losses related to these sovereign loans are presented with the return on investments from these loans under other program revenues.

The allowance established to reflect reductions from the recorded value to the approximate net realizable value of financial claims held by the Government has been authorized by the Minister of Finance and the President of the Treasury Board, under subsection 63(2) of the *Financial Administration Act*.

Revenues received during the year on loans, investments and advances, are credited to other revenues; details are provided in Section 3 of this volume and in Section 10 of Volume III.

Table 9.1 presents the transactions and year-end balances of loans, investments and advances by category.

Some tables in this section present the continuity of accounts, by showing the opening and closing balances, as well as payments and other charges and receipts and other credits. A narrative description is provided for accounts reported in some tables. Such description follows the same presentation order as the respective tables.

Table 9.1
Loans, Investments and Advances

	April 1/2013	Payments and other charges	Receipts and other credits	March 31/2014
	Restated $	$	$	$
Enterprise Crown corporations and other government business enterprises, Table 9.2 (R)	131,785,118,949	78,963,958,940	115,934,819,409	94,814,258,480
Portfolio investments, Table 9.11	88,584,070	710,343	1,067,812	88,226,601
National governments including developing countries, Table 9.12	375,084,047	162,144,407	155,557,111	381,671,343
International organizations, Table 9.13	18,249,869,840	920,328,683	19,672,631	19,150,525,892
Provincial and territorial governments, Table 9.14	2,726,422,280	71,932,818	921,627,010	1,876,728,088
Other loans, investments and advances, Table 9.15	25,444,938,343	4,369,707,086	3,319,884,537	26,494,760,892
	178,670,017,529	84,488,782,277	120,352,628,510	142,806,171,296
Less: allowance for valuation	23,750,428,850	(118,829,774)	1,302,374,071	25,171,632,695
Total	154,919,588,679	84,369,952,503	121,655,002,581	117,634,538,601

(R) Certain comparative figures have been restated. Details on the restatement can be found in Note 2, Section 2 of this volume.

Enterprise Crown Corporations and Other Government Business Enterprises

Loans and advances to, and investments in, enterprise Crown corporations and other government business enterprises represent the balance of financial claims held by the Government against corporations and enterprises for working capital, capital expenditures and other purposes, investments in the capital stock of corporations, and loans and advances to corporations and enterprises for re-lending.

A Crown corporation means a parent Crown corporation or a wholly-owned subsidiary; a parent Crown corporation is wholly-owned directly by the Crown; a wholly-owned subsidiary is wholly-owned by one or more parent Crown corporations directly or indirectly through any number of subsidiaries.

Enterprise Crown corporations are a type of government business enterprise and are defined as those Crown corporations which are not dependent on parliamentary appropriations and whose principal activity and source of revenue is the sale of goods and services to outside parties. These include selected Crown corporations listed in Part I, all the Crown corporations listed in Part II of Schedule III of the *Financial Administration Act* and the Bank of Canada. Although a Crown corporation, the Canada Pension Plan Investment Board is not part of the Government reporting entity since its mandate is to manage an investment portfolio on behalf of the Canada Pension Plan which is itself excluded from the reporting entity.

There are also a number of self-sustaining government business enterprises that are not considered Crown corporations within the meaning of the *Financial Administration Act*, but which are controlled by the Government and in most cases accountable to Parliament through a Minister of the Crown for the conduct of their affairs. These are referred to as "other government business enterprises" and include The Canadian Wheat Board and the various Port Authorities.

Most of the enterprise Crown corporations and other government business enterprises are agents of Her Majesty for the conduct of all or part of their activities. This status is granted in one of the following ways:

i. designation by Parliament, through a special act of incorporation;

ii. statutory authorization; or,

iii. proclamation by the *Government Corporations Operation Act*.

Further information on the business and activities of all parent Crown corporations and information on all Crown corporations and other corporate interests of Canada is provided in the quarterly report entitled *Inventory of Government of Canada Organisations*. Although no longer included as part of this Report, a compilation of the audited financial statements of the parent Crown corporations is also available upon request.

Table 9.2 presents a summary of the balances and transactions for the various types of loans, investments and advances which were made to enterprise Crown corporations and other government business enterprises.

Table 9.2
Enterprise Crown Corporations and Other Government Business Enterprises

	April 1/2013 Restated $	Payments and other charges $	Receipts and other credits $	March 31/2014 $
Investments —				
Investments and accumulated profits/losses (Table 9.5)	37,876,518,950	8,605,250,000	5,164,786,000	41,316,982,950
Loans and advances [1] —				
Canada Mortgage and Housing Corporation —				
Housing	2,585,383,326		162,800,730	2,422,582,596
Joint projects	591,513,362		45,827,755	545,685,607
Real estate	13,552,091		3,440,879	10,111,212
Sewage treatment projects	52,979,343		13,300,262	39,679,081
Student housing projects	118,265,139		19,585,054	98,680,085
	3,361,693,261		*244,954,680*	*3,116,738,581*
Finance —				
Business Development Bank of Canada	13,214,388,624	24,803,435,000	23,698,024,631	14,319,798,993
Canada Lands Company Limited	90,196,852	58,313,000		148,509,852
Canada Mortgage and Housing Corporation	59,761,732,481	3,352,366,000	45,057,819,416	18,056,279,065
Farm Credit Canada	21,173,917,000	42,114,074,000	41,259,063,000	22,028,928,000
	94,240,234,957	*70,328,188,000*	*110,014,907,047*	*54,553,515,910*
Total — Loans and advances	97,601,928,218	70,328,188,000	110,259,861,727	57,670,254,491
Less:				
Loans expected to be repaid from future appropriations [2]	3,665,239,462		480,244,693	4,145,484,155
Unamortized discounts and premiums	28,088,757	30,520,940	29,926,989	27,494,806
	3,693,328,219	30,520,940	510,171,682	4,172,978,961
Total	131,785,118,949	78,963,958,940	115,934,819,409	94,814,258,480

[1] These loans are recorded at cost.

[2] Certain comparative figures have been restated. Details on the restatement can be found in Note 2, Section 2 of this volume.

The results and financial position of enterprise Crown corporations and other government business enterprises are detailed in Tables 9.3 to 9.5. These tables also show the breakdown of the equity of each corporation between accumulated profits and losses, contributed surplus and capital stock, as well as the details of the Government's investment under the modified equity accounting method.

The Government of Canada has also made loans and advances to various enterprise Crown corporations and other government business enterprises. The following describes loans which were outstanding as of March 31, 2014 or 2013.

Canada Mortgage and Housing Corporation

The Corporation was incorporated, on January 1, 1946, by the *Canada Mortgage and Housing Corporation Act*. The Corporation's mandate, as stated in the *National Housing Act*, is to promote the construction, repair and modernization of housing, the improvement of housing and living conditions, housing affordability and choice, the availability of low-cost financing for housing, and the national well-being of the housing sector. Advances have been made to the Canada Mortgage and Housing Corporation to support various programs undertaken by the Corporation.

Housing

Advances made for moderate to low income housing bear interest at rates from 5.13 percent to 16.10 percent per annum, and are repayable over 1 to 50 years, with the final instalment due on March 31, 2037.

Joint projects

Advances made to undertake housing projects jointly with the provinces bear interest at rates from 5 percent to 17.96 percent per annum, and are repayable over 1 to 50 years, with the final instalment due on June 30, 2038.

Real estate

Advances made for the acquisition and development of real estate bear interest at rates from 10.07 percent to 15 percent per annum, and are repayable over 50 years, with the final instalment due on June 30, 2036.

Sewage treatment projects

Advances made to assist in the establishment or expansion of sewage treatment projects and the construction of trunk storm sewers bear interest at rates from 5 percent to 9.63 percent per annum, and are repayable over 20 to 50 years, with the final instalment due on March 31, 2023.

Student housing projects

Advances made for student housing projects bear interest at rates from 5 percent to 10.05 percent per annum, and are repayable over 20 to 50 years, with the final instalment due on April 1, 2030.

Business Development Bank of Canada

Direct lending to Crown corporations

The Business Development Bank of Canada (BDC) was established in 1974 by the *Federal Business Development Bank of Canada Act* and was continued under its current name by an Act of Parliament on July 13, 1995. The Corporation is a Crown corporation named in Part I of Schedule III to the *Financial Administration Act*, is wholly-owned by the Government of Canada and is not subject to the requirements of the *Income Tax Act*.

The role of the Corporation is to promote and assist in the establishment and development of business enterprises in Canada, with specific attention to small and medium-sized businesses. The Corporation provides a wide range of lending, investment and consulting services complementary to those of commercial financial institutions. The Corporation offers Canadian companies services tailored to meet the current needs of small and medium-sized businesses while earning an appropriate return on investment capital, which is used to further the Corporation's activities.

Pursuant to Section 19 of the *Business Development Bank of Canada Act*, the federal government, at the request of the Corporation, may lend money to the Corporation on any terms and conditions that the Minister of Finance may fix.

All the loans outstanding at year end bear interest at rates from 0.73 percent to 1.60 percent per annum.

Canada Lands Company Limited

Canada Lands Company Limited (originally Public Works Lands Company Limited) was incorporated under the *Companies Act* in 1956 and was continued under the *Canada Business Corporations Act*. The Corporation is a Crown corporation named in Part I of Schedule III of the *Financial Administration Act* and is wholly-owned by the Government of Canada. The Corporation conducts its business through Canada Lands Company CLC Limited (CLC), its principal wholly-owned subsidiary. CLC's objective is to carry out a commercially-oriented and orderly disposal program of certain Government real properties and the management of certain select properties. In undertaking this objective, CLC may manage, develop and dispose of real properties, either in the capacity of owner or as agent of the Government.

CLC has acquired an interest in a number of real properties from the Government in consideration for the issuance of promissory notes, which bear no interest and are repayable from the proceeds of the sale of the properties in respect of which they were issued. The notes were discounted using the Consolidated Revenue Fund lending rate applicable to Crown corporations and recorded at their discounted value.

During the year, new notes have been issued for an amount of $58.3 million. No payment was received during the year and an amount of $3.0 million was amortized to income. The balance in the account represents the balance of the notes receivable net of the corresponding unamortized discount.

Canada Mortgage and Housing Corporation

Direct lending to Crown corporations

Pursuant to Section 21(1) of the *Canada Mortgage and Housing Act*, the federal government, at the request of the Corporation, may, out of the Consolidated Revenue Fund, lend money to the Corporation on any terms and conditions that the Minister of Finance may fix.

Included in loans and advances to Canada Mortgage and Housing Corporation is $9,858 million in outstanding lending related to the Insurance Mortgage Purchase Program.

All the loans outstanding at year end bear interest at rates from 0.74 percent to 3.94 percent per annum.

Farm Credit Canada

Direct lending to Crown corporations

The Farm Credit Canada was established in 1959 by the *Farm Credit Act* as the successor to the Canadian Farm Loan Board, and is a Crown corporation named in Part I of Schedule III to the *Financial Administration Act*. The Corporation is wholly-owned by the Government of Canada and is not subject to the requirements of the *Income Tax Act*.

The Corporation's role is to enhance rural Canada by providing business and financial solutions for farm families and agribusiness. Additionally, the Corporation may deliver specific programs for the Government of Canada on a cost recovery basis.

Pursuant to Section 12(2) of the *Farm Credit Canada Act*, the federal government, at the request of the Corporation, may lend money to the Corporation on any terms and conditions that the Minister of Finance may fix.

All the loans outstanding at year end bear interest at rates from 0.73 percent to 3.84 percent per annum.

Interest paid to the Government

Interest paid to the Government of Canada with respect to these loans in the years ended March 31, 2014 and 2013 is as follows:

	2013-2014	2012-2013
	(in millions of dollars)	
Corporation —		
Business Development Bank of Canada	128.8	119.5
Canada Mortgage and Housing Corporation	1,662.7	2,206.0
Farm Credit Canada	227.8	221.8
Total	2,019.3	2,547.3

Summary Financial Statements of Enterprise Crown Corporations and Other Government Business Enterprises

The following tables display details of the assets, liabilities, equity, revenues and expenses of enterprise Crown corporations and other government business enterprises.

Tables 9.3 to 9.5 present the assets, liabilities, equity, revenues, expenses and other changes in equity of enterprise Crown corporations and other government business enterprises grouped in five segments. The segment of competitive, self-sustaining corporations consists of those corporations named in Part I of Schedule III of the *Financial Administration Act* and of other competitive and self-sustaining government business enterprises.

For those corporations having year ends other than March 31, the data are based on unaudited interim financial statements which have been prepared on a basis consistent with the most recent audited financial statements.

The tables summarize the financial transactions and results of operations of each enterprise Crown corporation and other government business enterprise in accordance with its own respective accounting policies. Most enterprise Crown corporations and other government business enterprises follow International Financial Reporting Standards.

Financial assets include cash and cash equivalents, receivables, loans and investments. Financial assets are segregated between third parties and Government, Crown corporations and other entities. The financial assets reported under Government, Crown corporations and other entities represent receivables, loans and investments between related parties. Non-financial assets represent the unexpensed portion of capital assets, inventories and prepayments such as buildings, machinery and equipment in use or under construction, inventories and other items of expenditure which will be expensed as these assets are used. Liabilities include payables, borrowings and other obligations. Liabilities are segregated between third parties and Government, Crown corporations and other entities. Borrowings from third parties represent amounts repayable to financial institutions and other investors. Other third party liabilities are amounts due for purchases, pensions and other employee future benefits, accrued interest on borrowings, various other accruals, capital leases and sundry accounts payable. The liabilities reported under Government, Crown corporations and other entities represent payables and borrowings between related parties.

Revenues include financial assistance received or receivable from the Government in respect of the current year's operations, when applicable. Expenses are segregated between third parties and Government, Crown corporations and other entities. Equity adjustments and other include prior period adjustments and other miscellaneous items recorded by the corporations and enterprises. Other comprehensive income or loss comprises certain unrealized gains and losses on financial instruments and certain actuarial gains and losses related to pensions and other employee future benefits which are recognized in comprehensive income but excluded from net income. Other comprehensive income is excluded from the calculation of the Government's annual deficit. It is instead recorded directly to the Government's accumulated deficit. Upon realization of the gains and losses on financial instruments, the associated amounts are reclassified to the profit or loss of enterprise Crown corporations and other government business enterprises and then, reflected in the government's annual deficit. The actuarial gains and losses related to pensions and other employee future benefits are not reclassified. Equity transactions with the Government include dividends declared or transfers of profits to the Government, as well as equity contributions provided by the Government. Any unrealized inter-organizational gains and losses are eliminated as part of the modified equity accounting adjustment.

These tables present financial information on parent enterprise Crown corporations and other government business enterprises, as well as financial information on wholly-owned subsidiaries that are considered "deemed parent Crown corporations" and are excluded from the consolidated financial statements of their parent Crown corporations.

Enterprise Crown corporations and other government business enterprises are also categorized as being either agents or non-agents of the Crown. In some situations, agent status may be restricted to certain designated activities of a corporation.

A summary of financial assistance to enterprise Crown corporations and other government business enterprises for the year ended March 31, 2014 is provided in Table 9.10.

Table 9.3

Summary Combined Financial Statements of Enterprise Crown Corporations and Other Government Business Enterprises by Segment

(in thousands of dollars)

	Competitive, self-sustaining	Bank of Canada	Lending and insurance	Marketing	Other	Total
Assets, Liabilities and Equity as at March 31, 2014						
Assets						
Financial						
Third parties	8,007,132	528,696	339,461,903	1,218,745	29,136	349,245,612
Government, Crown corporations and other entities	1,830,154	87,383,904	7,897,166	382	6,409	97,118,015
Total financial assets	9,837,286	87,912,600	347,359,069	1,219,127	35,545	446,363,627
Non-financial assets	7,120,473	334,290	1,498,113	365,982	40,260	9,359,118
Total assets as reported	16,957,759	88,246,890	348,857,182	1,585,109	75,805	455,722,745
Elimination adjustments	(162,128)	(3,295)	(193,383)		(120)	(358,926)
Total assets	16,795,631	88,243,595	348,663,799	1,585,109	75,685	455,363,819
Liabilities						
Third parties						
Borrowings	1,562,393		244,092,736	1,143,869	4,941	246,803,939
Bank of Canada notes in circulation and amounts owing to depositors		64,020,696				64,020,696
Other liabilities	7,759,075	1,492,479	12,554,401	441,240	23,993	22,271,188
Government, Crown corporations and other entities	318,180	22,283,029	58,349,799		6	80,951,014
Total liabilities	9,639,648	87,796,204	314,996,936	1,585,109	28,940	414,046,837
Equity of Canada as reported	7,318,111	450,686	33,860,246		46,865	41,675,908
Elimination adjustments	(162,128)	(3,295)	(193,383)		(120)	(358,926)
Equity of Canada	7,155,983	447,391	33,666,863		46,745	41,316,982
Total liabilities and equity	16,795,631	88,243,595	348,663,799	1,585,109	75,685	455,363,819
Contingent liabilities	90,022	60,483	2,258,938			2,409,443
Contractual obligations	1,760,085	394,664	42,597,877	42,815	7,666	44,803,107
Revenues, Expenses and Other Changes in Equity for the Year Ended March 31, 2014						
Revenues						
Third parties	12,418,741	9,077	13,507,458	1,348,252	194,904	27,478,432
Government, Crown corporations and other entities	425,494	1,797,962	2,251,126	36,399		4,510,981
Total revenues	12,844,235	1,807,039	15,758,584	1,384,651	194,904	31,989,413
Expenses						
Third parties	11,471,720	556,925	9,304,456	1,471,635	194,577	22,999,313
Government, Crown corporations and other entities	218,733	218,492	2,627,846			3,065,071
Total expenses	11,690,453	775,417	11,932,302	1,471,635	194,577	26,064,384
Net income (loss) for the year	1,153,782	1,031,622	3,826,282	(86,984)	327	5,925,029
Equity of Canada, beginning of the year as reported	5,580,189	432,229	32,168,147		46,386	38,226,951
Equity adjustments and other	(7,843)		2,839	86,984		81,980
Elimination adjustments	(162,128)	(3,295)	(193,383)		(120)	(358,926)
Other comprehensive income (loss)	2,000,565	114,126	491,891		152	2,606,734
Equity transactions with the Government						
Dividends	(1,408,582)	(1,127,291)	(2,678,913)			(5,214,786)
Capital			50,000			50,000
Equity of Canada, end of the year	7,155,983	447,391	33,666,863		46,745	41,316,982

Table 9.4

Financial Position of Enterprise Crown Corporations and Other Government Business Enterprises — Assets, Liabilities and Equity as at March 31, 2014

(in thousands of dollars)

	Assets			
	Financial			
Enterprise Crown corporations and other government business enterprises (1)	Third parties	Government, Crown corporations and other entities	Non-financial	Total assets
Competitive, self-sustaining				
Blue Water Bridge Authority	22,596		221,776	244,372
Canada Development Investment Corporation (2)	4,809,355	137,985	136,713	5,084,053
Canada Lands Company Limited	200,858	44,889	430,505	676,252
Canada Post Corporation	2,188,189	1,566,225	3,040,069	6,794,483
Halifax Port Authority (3)	13,568	5,511	199,868	218,947
Hamilton Port Authority (3)	20,885		100,748	121,633
Montreal Port Authority (3)	33,456	37,395	260,437	331,288
Prince Rupert Port Authority (3)	23,289		112,877	136,166
Quebec Port Authority (3)	25,518	504	141,613	167,635
Ridley Terminals Inc.	122,738		271,469	394,207
Royal Canadian Mint	112,658	9,813	347,136	469,607
Saint John Port Authority (3)	19,358		72,123	91,481
Toronto Port Authority (3)	41,646		146,155	187,801
Vancouver Fraser Port Authority (3)	168,956	13,998	1,164,250	1,347,204
Other Canada Port Authorities (3) (4)	204,062	13,834	474,734	692,630
Total — Competitive, self-sustaining	*8,007,132*	*1,830,154*	*7,120,473*	*16,957,759*
Bank of Canada	*528,696*	*87,383,904*	*334,290*	*88,246,890*
Lending and insurance				
Business Development Bank of Canada	19,446,575	31,730	91,652	19,569,957
Canada Deposit Insurance Corporation	723,399	2,041,278	13,283	2,777,960
Canada Mortgage and Housing Corporation	246,725,569	5,804,507	551,121	253,081,197
Export Development Canada	45,416,631	19,651	701,830	46,138,112
Farm Credit Canada	27,149,729		140,227	27,289,956
Total — Lending and insurance	*339,461,903*	*7,897,166*	*1,498,113*	*348,857,182*
Marketing				
Canadian Wheat Board, The (5)	1,208,659	382	329,079	1,538,120
Freshwater Fish Marketing Corporation	10,086		36,903	46,989
Total — Marketing	*1,218,745*	*382*	*365,982*	*1,585,109*
Other				
Atlantic Pilotage Authority	3,915		11,403	15,318
Great Lakes Pilotage Authority	499		1,189	1,688
Laurentian Pilotage Authority	11,994		17,448	29,442
Pacific Pilotage Authority	12,728	6,409	10,220	29,357
Total — Other	*29,136*	*6,409*	*40,260*	*75,805*
Total	349,245,612	97,118,015	9,359,118	455,722,745
Elimination adjustments		(222,299)	(136,627)	(358,926)
Total	349,245,612	96,895,716	9,222,491	455,363,819

[1] All enterprise Crown corporations listed at the margin in this table are parent Crown corporations.
Although a Crown corporation, Canada Pension Plan Investment Board is designed to operate at arm's length from the Government and manages, on behalf of the Canada Pension Plan, funds not belonging to the Government, therefore, it is considered external to the Government reporting entity. The Public Sector Pension Investment Board is not included in the above list since its activities are included in the Government's results through pension accounting.

[2] The financial information of the Canada Development Investment Corporation is consolidated to include the Canada Hibernia Holding Corporation.

Liabilities								
Third parties								
Borrowings	Other	Government, Crown corporations and other entities	Total liabilities	Accumulated profits (losses)	Contributed surplus	Capital stock	Equity of Canada	Total liabilities and equity
93,623	10,979	77	104,679	139,693			139,693	244,372
	131,257		131,257	2,195,652	2,757,143	1	4,952,796	5,084,053
49,000	56,246	142,094	247,340	247,742	181,170		428,912	676,252
1,051,273	6,793,711	89,742	7,934,726	(2,295,414)	1,155,171		(1,140,243)	6,794,483
49,146	13,319	494	62,959	105,131	50,857		155,988	218,947
	4,929		4,929	98,338	18,366		116,704	121,633
	77,307	1,203	78,510	17,579	235,199		252,778	331,288
9,425	38,980		48,405	51,548	36,213		87,761	136,166
2,447	13,717	53,283	69,447	40,926	57,262		98,188	167,635
37,202	89,686		126,888	67,277	64,000	136,042	267,319	394,207
49,581	80,989	24,089	154,659	274,948		40,000	314,948	469,607
	5,296		5,296	24,526	61,659		86,185	91,481
17,385	72,238		89,623	98,178			98,178	187,801
103,420	110,562	1,483	215,465	981,480	150,259		1,131,739	1,347,204
99,891	259,859	5,715	365,465	172,388	154,777		327,165	692,630
1,562,393	*7,759,075*	*318,180*	*9,639,648*	*2,219,992*	*4,922,076*	*176,043*	*7,318,111*	*16,957,759*
	65,513,175	*22,283,029*	*87,796,204*	*420,686*	*25,000*	*5,000*	*450,686*	*88,246,890*
506,850	392,363	14,331,834	15,231,047	2,172,732	27,778	2,138,400	4,338,910	19,569,957
	1,207,914	1,517	1,209,431	1,568,529			1,568,529	2,777,960
206,578,457	8,542,162	21,449,860	236,570,479	16,485,708	25,010		16,510,718	253,081,197
36,392,525	2,083,424	385,989	38,861,938	5,942,974		1,333,200	7,276,174	46,138,112
614,904	328,538	22,180,599	23,124,041	3,618,190	547,725		4,165,915	27,289,956
244,092,736	*12,554,401*	*58,349,799*	*314,996,936*	*29,788,133*	*600,513*	*3,471,600*	*33,860,246*	*348,857,182*
1,114,206	423,914		1,538,120					1,538,120
29,663	17,326		46,989					46,989
1,143,869	*441,240*		*1,585,109*					*1,585,109*
4,941	3,215		8,156	7,162			7,162	15,318
	4,324		4,324	(2,636)			(2,636)	1,688
	8,288		8,288	21,154			21,154	29,442
	8,166	6	8,172	21,185			21,185	29,357
4,941	*23,993*	*6*	*28,940*	*46,865*			*46,865*	*75,805*
246,803,939	86,291,884	80,951,014	414,046,837	32,475,676	5,547,589	3,652,643	41,675,908	455,722,745
				(358,926)			(358,926)	(358,926)
246,803,939	86,291,884	80,951,014	414,046,837	32,116,750	5,547,589	3,652,643	41,316,982	455,363,819

(3) Canada Port Authorities, which are not Crown corporations but considered other government business enterprises, are agents of the Crown for their port activities.

(4) Consists of the combined figures of the Canada Port Authorities of Belledune, Nanaimo, Oshawa, Port Alberni, Saguenay, Sept-Îles, St. John's, Thunder Bay, Trois-Rivières and Windsor.

(5) The Canadian Wheat Board, which is not a Crown corporation or agent of the Crown, is considered an other government business enterprise.

Table 9.5

Revenues, Expenses and Other Changes in Equity of Enterprise Crown Corporations and Other Government Business Enterprises for the Year Ended March 31, 2014

(in thousands of dollars)

	Revenues			Expenses		
Enterprise Crown corporations and other government business enterprises	Third parties	Government, Crown corporations and other entities [1]	Total	Third parties	Government, Crown corporations and other entities	Total
Competitive, self-sustaining						
Blue Water Bridge Authority	25,958		25,958	22,862		22,862
Canada Development Investment Corporation	1,052,351	1,051	1,053,402	81,273	34,423	115,696
Canada Lands Company Limited	245,484	11,504	256,988	209,299	7,892	217,191
Canada Post Corporation	7,358,667	273,388	7,[illegible]2,055	7,629,594	97,584	7,727,178
Halifax Port Authority	33,094		33,094	27,193	1,398	28,591
Hamilton Port Authority	21,346		21,346	17,128		17,128
Montreal Port Authority	90,307	870	91,177	83,826	4,843	88,669
Prince Rupert Port Authority	35,115	8,450	43,565	23,955	1,854	25,809
Quebec Port Authority	31,449	3,462	34,911	28,836	1,466	30,302
Ridley Terminals Inc.	126,149		126,149	51,163	7,225	58,388
Royal Canadian Mint	3,055,533	126,382	3,181,915	3,086,778	54,189	3,140,967
Saint John Port Authority	17,558		17,558	14,225	497	14,722
Toronto Port Authority	50,819		50,819	37,120		37,120
Vancouver Fraser Port Authority	214,209	72	214,281	111,289	6,688	117,977
Other Canada Port Authorities	60,702	315	61,017	47,179	674	47,853
Total — Competitive, self-sustaining	*12,418,741*	*425,494*	*12,844,235*	*11,471,720*	*218,733*	*11,690,453*
Bank of Canada	*9,077*	*1,797,962*	*1,807,039*	*556,925*	*218,492*	*775,417*
Lending and insurance						
Business Development Bank of Canada	994,188		994,188	434,791	133,429	568,220
Canada Deposit Insurance Corporation	201,529	26,689	228,218	(27,530)	3,664	(23,866)
Canada Mortgage and Housing Corporation	9,543,772	2,224,008	11,767,780	7,649,223	2,261,205	9,910,428
Export Development Canada	1,538,999	429	1,539,428	884,789	(5,528)	879,261
Farm Credit Canada	1,228,970		1,228,970	363,183	235,076	598,259
Total — Lending and insurance	*13,507,458*	*2,251,126*	*15,758,584*	*9,304,456*	*2,627,846*	*11,932,302*
Marketing						
Canadian Wheat Board, The	1,279,831	36,399	1,316,230	1,405,292		1,405,292
Freshwater Fish Marketing Corporation	68,421		68,421	66,343		66,343
Total — Marketing	*1,348,252*	*36,399*	*1,384,651*	*1,471,635*		*1,471,635*
Other						
Atlantic Pilotage Authority	21,796		21,796	22,028		22,028
Great Lakes Pilotage Authority	21,519		21,519	21,054		21,054
Laurentian Pilotage Authority	78,997		78,997	77,832		77,832
Pacific Pilotage Authority	72,592		72,592	73,663		73,663
Total — Other	*194,904*		*194,904*	*194,577*		*194,577*
Total	27,478,432	4,510,981	31,989,413	22,999,313	3,065,071	26,064,384
Elimination adjustments						
Total net results	27,478,432	4,510,981	31,989,413	22,999,313	3,065,071	26,064,384
Less equity adjustments						
Share of annual profit						

The accompanying notes for Table 9.4 are an integral part of this table.

[1] Revenues with Government, Crown corporations and other entities include amounts generated from the sale of goods and services, investment income, financial assistance as well as grants where the corporations qualify as a member of a general class of recipients. Additional amounts representing capital investments received by the corporations are included under "Equity transactions with the Government".

				Equity transactions with the Government		
Net income (loss)	Equity beginning of year	Equity adjustments and other	Other comprehensive income (loss)	Dividends	Capital	Equity end of year
3,096	136,597					139,693
937,706	4,662,192	(6,534)	690,814	(1,331,382)		4,952,796
39,797	456,315			(67,200)		428,912
(95,123)	(2,319,736)		1,274,616			(1,140,243)
4,503	147,582		3,903			155,988
4,218	110,751		1,735			116,704
2,508	223,990		26,280			252,778
17,756	68,755		1,250			87,761
4,609	90,280		3,299			98,188
67,761	199,558					267,319
40,948	285,431		(1,431)	(10,000)		314,948
2,836	83,349					86,185
13,699	85,733	(1,400)	146			98,178
96,304	1,036,981	(15)	(1,531)			1,131,739
13,164	312,411	106	1,484			327,165
1,153,782	*5,580,189*	*(7,843)*	*2,000,565*	*(1,408,582)*		*7,318,111*
1,031,622	*432,229*		*114,126*	*(1,127,291)*		*450,686*
425,968	3,861,434	11,468	49,633	(59,593)	50,000	4,338,910
252,084	1,316,280		165			1,568,529
1,857,352	14,413,797	(1,132)	240,701			16,510,718
660,167	9,066,337		118,670	(2,569,000)		7,276,174
630,711	3,510,299	(7,497)	82,722	(50,320)		4,165,915
3,826,282	*32,168,147*	*2,839*	*491,891*	*(2,678,913)*	*50,000*	*33,860,246*
(89,062)		89,062				
2,078		(2,078)				
(86,984)		*86,984*				
(232)	7,304		90			7,162
465	(3,101)					(2,636)
1,165	19,989					21,154
(1,071)	22,194		62			21,185
327	*46,386*		*152*			*46,865*
5,925,029	38,226,951	81,980	2,606,734	(5,214,786)	50,000	41,675,908
	(350,433)	(61,351)	52,858			(358,926)
5,925,029	37,876,518	20,629	2,659,592	(5,214,786)	50,000	41,316,982
20,629		(20,629)				
5,945,658	37,876,518		2,659,592	(5,214,786)	50,000	41,316,982

Borrowings by Enterprise Crown Corporations and Other Government Business Enterprises

Table 9.6 summarizes the borrowing transactions by agent and non-agent enterprise Crown corporations and other government business enterprises.

In accordance with section 54 of the *Financial Administration Act*, the payment of all money borrowed by agent enterprise Crown corporations and interest thereon is a charge on and payable out of the Consolidated Revenue Fund. Such borrowings therefore constitute obligations of the Government and are recorded as such in the accounts of Canada net of borrowings expected to be repaid directly by these corporations.

Borrowings by non-agent enterprise Crown corporations and other government business enterprises are not on behalf of Her Majesty, but may, at times, be guaranteed by the Government.

Table 9.6

Borrowings by Enterprise Crown Corporations and Other Government Business Enterprises

(in thousands of dollars)

	Balance April 1/2013	Borrowings and other credits	Repayments and other charges	Balance March 31/2014
Agent enterprise Crown corporations				
Business Development Bank of Canada	647,617	(29,395)	111,372	506,850
Canada Mortgage and Housing Corporation	214,509,028	37,320,066	45,250,637	206,578,457
Canada Post Corporation	1,051,115	158		1,051,273
Export Development Canada	26,613,068	35,607,753	25,828,296	36,392,525
Farm Credit Canada	690,766	843,289	919,151	614,904
Freshwater Fish Marketing Corporation	30,782	29,663	30,782	29,663
Royal Canadian Mint	38,976	15,100	4,495	49,581
Total — Agent enterprise Crown corporations	243,581,352	73,786,634	72,144,733	245,223,253
Non-agent enterprise Crown corporations and other government business enterprises				
Atlantic Pilotage Authority	4,255	1,000	314	4,941
Blue Water Bridge Authority	97,606		3,983	93,623
Canada Lands Company Limited (1)	47,375	7,500	5,875	49,000
Canadian Wheat Board, The	1,676,888	8,236,971	8,799,653	1,114,206
Halifax Port Authority (2)	30,774	19,466	1,094	49,146
Prince Rupert Port Authority (2)	11,734		2,309	9,425
Quebec Port Authority (2)	290	8,256	6,099	2,447
Ridley Terminals Inc.	38,456		1,254	37,202
Toronto Port Authority (2)	11,603	6,425	643	17,385
Vancouver Fraser Port Authority (2)	103,485	7,156	7,221	103,420
Other Canada Port Authorities (2)	43,365	61,901	5,375	99,891
Total — Non-agent enterprise Crown corporations and other government business enterprises	2,065,831	8,348,675	8,833,820	1,580,686
Total	245,647,183	82,135,309	80,978,553	246,803,939
Borrowings expected to be repaid by enterprise Crown corporations and other government business enterprises	245,647,183			246,803,939
Allowance for borrowings of enterprise Crown corporations and other government business enterprises expected to be repaid by the Government and reported on the Consolidated Statement of Financial Position				

(1) Borrowings of Canada Lands Company Limited are those of its subsidiary, Canada Lands Company CLC Limited, which is not an agent of the Crown.

(2) The Authority is an agent of the Crown only for its port activities. It is considered a non-agent of the Crown for borrowings purposes.

Maturity and Currency of Borrowings by Enterprise Crown Corporations and Other Government Business Enterprises

Table 9.7 summarizes the maturity and currency of borrowings by agent and non-agent enterprise Crown corporations and other government business enterprises as at March 31, 2014.

Table 9.7

Maturity and Currency of Borrowings by Enterprise Crown Corporations and Other Government Business Enterprises

(in thousands of dollars)

Year of maturity	Agent	Non-agent	Total
2014	52,476,563	1,230,802	53,707,365
2015	35,008,070	16,324	35,024,394
2016	37,073,513	16,405	37,089,918
2017	34,920,057	16,535	34,936,592
2018	40,307,880	46,411	40,354,291
Subsequent years	45,437,170	254,209	45,691,379
Total	245,223,253	1,580,686	246,803,939[1]

[1] The borrowings are composed in Canadian dollar equivalent of 25,248,046 USD, 3,906,697 GBP, 83,715 JPY, 3,730,783 AUD, 911,142 EUR, 1,183,165 NZD, 66,690 TRY, 192,121 SEK, 191,048 NOK, 14,638 HKD, 342,866 CHF, 123,959 BRL, 56,999 CLP, 4,232 MXN, 210,729,698 CAD and 18,140 for other currencies.

Contingent Liabilities of Enterprise Crown Corporations and Other Government Business Enterprises

Table 9.8 summarizes the contingent liabilities of enterprise Crown corporations and other government business enterprises. A contingent liability is defined as a potential liability which may become an actual liability when one or more future events occur or fail to occur.

Table 9.8

Contingent Liabilities of Enterprise Crown Corporations and Other Government Business Enterprises

(in thousands of dollars)

	March 31/2014
Bank of Canada — Callable shares	60,483
Business Development Bank of Canada — Loan guarantees	27,602
Canada Development Investment Corporation — Performance guarantee	5,969
Canada Lands Company Limited — Letters of credit	27,500
Canada Mortgage and Housing Corporation —	
Claims and pending and threatened litigation	23,835
Letters of credit	98,489
Export Development Canada — Loan guarantees	2,107,782
Farm Credit Canada — Letters of credit	1,230
Halifax Port Authority — Claims and pending and threatened litigation	2,074
Montreal Port Authority —	
Claims and pending and threatened litigation	700
Contingent liabilities associated with contaminated sites	1,300
Prince Rupert Port Authority —	
Claims and pending and threatened litigation	2,811
Performance guarantee	3,435
Quebec Port Authority — Letters of credit	200
Royal Canadian Mint — Loan guarantees	9,076
Sept-Îles Port Authority — Loan guarantees	26,000
Vancouver Fraser Port Authority — Claims and pending and threatened litigation	10,957
Total	2,409,443

Contractual Obligations of Enterprise Crown Corporations and Other Government Business Enterprises

Table 9.9 summarizes the contractual obligations of enterprise Crown corporations and other government business enterprises. A contractual obligation represents a legal obligation to third party organizations or individuals as a result of a contract. Contractual obligations are classified into four main categories: transfer payment agreements, loans authorized but undisbursed, capital expenditures and operating leases.

Table 9.9

Contractual Obligations of Enterprise Crown Corporations and Other Government Business Enterprises at March 31, 2014

(in thousands of dollars)

	Transfer payment agreements	Loans	Capital expenditures	Operating leases and other	Total
Bank of Canada			161,118	233,546	394,664
Blue Water Bridge Authority			3,373	851	4,224
Business Development Bank of Canada		2,677,900		146,036	2,823,936
Canada Deposit Insurance Corporation			200	10,571	10,771
Canada Development Investment Corporation			1,674	58,482	60,156
Canada Lands Company Limited			27,700	5,332	33,032
Canada Mortgage and Housing Corporation	16,493,755	157,237		113,000	16,763,992
Canada Post Corporation				934,000	934,000
Canadian Wheat Board, The			42,815		42,815
Export Development Canada		19,765,496		66,000	19,831,496
Farm Credit Canada		2,958,000	5,170	204,512	3,167,682
Great Lakes Pilotage Authority				1,263	1,263
Halifax Port Authority			1,000		1,000
Hamilton Port Authority				66	66
Laurentian Pilotage Authority				4,868	4,868
Montreal Port Authority				3,872	3,872
Pacific Pilotage Authority				1,505	1,505
Prince Rupert Port Authority			67,076		67,076
Ridley Terminals Inc.			26,297	448,664	474,961
Royal Canadian Mint			9,300	97,567	106,867
Vancouver Fraser Port Authority			51,393	28,459	79,852
Other Canada Port Authorities				9	9
Total	16,493,755	25,558,633	397,116	2,358,603	44,808,107

Financial Assistance to Enterprise Crown Corporations and Other Government Business Enterprises

Table 9.10 summarizes financial assistance for both agent and non-agent enterprise Crown corporations and other government business enterprises. It should be read in conjunction with Table 9.5. The purpose for which payments have been made is segregated between amounts recorded as program transactions and amounts recorded as transfer payments.

All amounts reported represent charges to appropriations or authorities approved by Parliament.

Table 9.10

Financial Assistance to Enterprise Crown Corporations and Other Government Business Enterprises for the Year Ended March 31, 2014

(in thousands of dollars)

	Program	Transfer payments	Financial assistance
Canada Mortgage and Housing Corporation (1)	2,084,850		2,084,850
Canada Post Corporation	22,210		22,210
Canadian Wheat Board, The		36,399	36,399
Canada Lands Company Limited	17,196		17,196
Total	2,124,256	36,399	2,160,655

(1) Includes budgetary appropriations for Government programs known as the "Minister's Account".

Portfolio Investments

Portfolio investments represent investments in entities with share capital owned jointly by the Government and other governments and/or organizations to further common objectives. Additional information on these entities is provided in the *President of the Treasury Board's Annual Report to Parliament on Crown Corporations and Other Corporate Interests of Canada*.

Under the terms of section 147 of the *Bankruptcy and Insolvency Act*, the Superintendent of Bankruptcy has received shares in a number of corporations in lieu of a cash levy payable to the Crown.

Table 9.11 presents a summary of the balances and transactions for the various types of portfolio investments.

Table 9.11

Portfolio Investments

	April 1/2013	Payments and other charges	Receipts and other credits	March 31/2014
	$	$	$	$
Lower Churchill Development Corporation Limited — Natural Resources	14,750,000			14,750,000
Other —				
Co-operative Housing Project — Environment — Parks Canada Agency	337,106			337,106
Canada Pension Plan Investment Board — Finance	100			100
Canada Investment Fund for Africa — Foreign Affairs, Trade and Development (1)	73,024,812	710,343	878,766	72,856,389
Equity Ownership — Industry — National Research Council of Canada	471,952		189,046	282,906
Public Sector Pension Investment Board — Treasury Board	100			100
North Portage Development Corporation — Western Economic Diversification				
	73,834,070	710,343	1,067,812	73,476,601
Total	88,584,070	710,343	1,067,812	88,226,601

(1) Canadian International Development Agency was amalgamated with the Department of Foreign Affairs, Trade and Development on June 26, 2013 following the Royal Assent of Bill C-60.

Lower Churchill Development Corporation Limited

The Lower Churchill Development Corporation (LCDC) was incorporated in 1978 under the *Companies Act of Newfoundland*, with the objective of developing all or part of the hydroelectric potential of the Lower Churchill Basin. It is owned 51 percent by Newfoundland and Labrador Hydro, the designate for the Government of Newfoundland and Labrador, and 49 percent by Canada. LCDC in not an active operating company.

Canada owns 1,475 class A shares, which it purchased for $10,000 per share in the initial years of the corporation. Funds were used to finance feasibility studies for proposed Lower Churchill projects. The corporation's only asset was an Option Right to purchase the Gull Island Production Company's assets and acquire hydroelectric development rights on the Lower Churchill River, granted by the Government of Newfoundland and Labrador in exchange for its initial ownership stake, valued at $5,200,000.

The option has expired and has not been extended by the province, resulting in an investment write-down for LCDC.

Co-operative Housing Project

The Parks Canada Agency has invested in the Rocky Mountain II Co-operative Housing Association, along with five other entities, to provide accommodation for Parks Canada employees and employees of other entities in Banff, Alberta.

Canada Pension Plan Investment Board

The Canada Pension Plan Investment Board ("Board") was created pursuant to the *Canada Pension Plan Investment Board Act*. The Board's objectives are to assist the Canada Pension Plan (CPP) in meeting its obligations to contributors and beneficiaries and to manage any amounts transferred to it in their best interest.

The Government holds 100 percent of the share capital of the corporation that consists of 10 shares having a fair value of $10 each issued as per legislation. The assets managed by the Board are included in the CPP financial statements. They are excluded from the Government's consolidated financial statements since CPP is not part of the Government's reporting entity as explained in Note 1 of the Government's financial statements.

Canada Investment Fund for Africa

The Canada Investment Fund for Africa (CIFA) is a joint public-private sector initiative designed to provide risk capital for private investments in Africa that generate growth. The CIFA is a direct response to the New Partnership for Africa's Development (NEPAD) and the G8 Africa Action Plan. The main objectives of the CIFA are to optimize public-private investment in the Fund, to confer a beneficial development impact on Africa by way of increased foreign direct investment and to optimize the beneficial impact of the Fund's activities on Canadian interests.

The Government of Canada is a limited partner in the CIFA and its commitment towards the Fund was subject to matching funds of other investors and was to be equal to the lesser of: *(i)* $100 million or *(ii)* the aggregated commitments of all other limited partners of the partnership. The investment period in the CIFA ended January 1, 2009. From thereon, until the term of the partnership is reached on March 31, 2015, the Canadian International Development Agency will only receive income returns of capital. Since its inception, the Canadian International Development Agency received capital reimbursement from CIFA amounting to $33.9 million and investment income of $7.3 million.

Equity Ownership

In order to help fulfill its mandate to promote industrial innovation in Canada, the National Research Council of Canada (NRC) has taken equity interests in several new firms based on NRC technology. NRC provides financial assistance at better than market conditions to firms through access to equipment, intellectual property and incubation space in laboratories and in the organization's Industry Partnership Facilities.

Since these companies often cannot afford to pay the full cost of the assistance received from the NRC, the NRC takes an equity position in a company in order to help the firms survive the critical development stage. In turn, it allows NRC to earn a return that somewhat reflects the risk taken should the company become successful.

This investment in equity is authorized under subsection 92(1)(b) of the *Financial Administration Act* which allows for the acquisition or the sale or other disposal of shares or assets in the ordinary course of a business of providing financial assistance to publicly and privately held companies and are recorded at cost.

The Government's holdings of shares represents a minority interest in two publicly traded companies and one privately held company. During the year, the shares of one publicly company were sold.

Public Sector Pension Investment Board

The Public Sector Pension Investment Board ("Board") was created pursuant to the *Public Sector Pension Investment Board Act*. Its mandate is to invest the amounts transferred by the Government of Canada equal to the proceeds of the net contributions since April 1, 2000 for the pension plans of the Public Service, Canadian Forces, Royal Canadian Mounted Police and since March 1, 2007 for the Reserve Force Pension Plan. The Board's objective is to achieve maximum rates of return on investments, without undue risk while respecting the requirements and financial obligations of those plans.

The Government holds 100 percent of the share capital of the corporation that consists of 10 shares having a fair value of $10 each issued as per legislation. The assets managed by the Board are recorded against the pension liability.

North Portage Development Corporation

The Corporation was incorporated under *The Corporations Act* of Manitoba, to foster the social and economic development of the North Portage area in the core area of Winnipeg. The objective of the Government's participation is to stimulate economic recovery in Canada and Manitoba.

The Government's holding of common shares represents 33.3 percent of the shares outstanding. The Corporation is owned equally by the City of Winnipeg, the Province of Manitoba and the Government of Canada.

National Governments including Developing Countries

Loans to national governments consist mainly of loans for financial assistance, international development assistance to developing countries, and loans for development of export trade (administered by Export Development Canada).

Table 9.12 presents a summary of the balances and transactions for the loans and advances that were made to national governments including developing countries.

Table 9.12

National Governments including Developing Countries

	April 1/2013	Payments and other charges	Receipts and other credits	March 31/2014
	$	$	$	$
Foreign Affairs, Trade and Development – Development of export trade (loans administered by Export Development Canada)	148,746,009	82,067,621	36,240,613	194,573,017
Foreign Affairs, Trade and Development [1] – Developing countries – International development assistance	226,338,038	80,062,145	119,301,857	187,098,326
National Defence – North Atlantic Treaty Organization – Damage claims recoverable		14,641	14,641	
Total	375,084,047	162,144,407	155,557,111	381,671,343

[1] Canadian International Development Agency was amalgamated with the Department of Foreign Affairs, Trade and Development on June 26, 2013 following the Royal Assent of Bill C-60.

Development of export trade

Pursuant to section 23 of the *Export Development Act*, the Minister for International Trade, with the concurrence of the Minister of Finance, may authorize Export Development Canada ("the Corporation") to enter into certain transactions or class of transactions where the Minister is of the opinion it is in the national interest and where the Corporation has advised the Minister that it will not enter into such transactions without such authorization. Funding for such transactions is provided by the Minister of Finance out of the Consolidated Revenue Fund and the transactions are administered by the Corporation on behalf of the Government of Canada.

Loan transactions with longer repayment terms and/or low or zero interest rates are recorded in part as expenses when the economic value is reduced due to such concessionary terms.

Tables 11.4 and 11.5 (Section 11 of this volume) present additional information on contractual obligations and guarantees that are disclosed in the notes to the audited consolidated financial statements in Section 2 of this volume.

The following table presents the balances and transactions for loans made to national governments, together with their terms and conditions of repayments.

		Payments and other charges		Receipts and other credits		
	April 1/2013	Payments or other charges [1]	Revaluation	Receipts or other credits [2]	Revaluation	March 31/2014
	$	$	$	$	$	$
Non-Budgetary Loans [3] —						
(a) 11 to 15 year term, 7.75 percent to 8.26 percent interest per annum, with final repayments in March 2007:						
Argentina	27,033,342		2,337,323			29,370,665
(b) 11 to 15 year term, interest based on LIBOR, plus a range of rates from 0.5 percent to 1.0 percent per annum, with final repayments between December 2019 and June 2020:						
Kenya	817,156		69,390	41,936		844,610
(c) 16 to 20 year term, interest based on LIBOR, plus a range of rates from 0.5 percent to 0.63 percent per annum, with final repayments between October 2018 and June 2021:						
Indonesia	466,469		38,822	38,494		466,797
Venezuela	32,260,461		2,230,855	8,082,015		26,409,301
	32,726,930		*2,269,677*	*8,120,509*		*26,876,098*
(d) 21 to 25 year term, 9.0 percent to 10.0 percent interest per annum, with final repayments in September 2000:						
Sudan	4,010,600		258,850			4,269,450
(e) 21 to 25 year term, interest based on LIBOR, plus 0.55 percent per annum, with final repayments in November 2024:						
Pakistan	5,833,288		492,400	229,942		6,095,746
Total — Non-budgetary loans	70,421,316		5,427,640	8,392,387		67,456,569
Budgetary Loans [3] —						
(a) 21 to 25 year term, 0 percent to 3.5 percent interest per annum, with final repayments between March 2011 and November 2015:						
Indonesia	6,725,074		417,688	2,984,461		4,158,301
(b) 26 to 30 year term, 3.0 percent interest per annum, with final repayments between December 2016 and April 2018:						
Algeria	2,710,000			568,000		2,142,000
(c) 31 to 55 year term, 0 percent to 10.29 percent interest per annum, with final repayments between September 2029 and February 2045:						
China	386,337,942		33,215,826	16,257,036		403,296,732
Egypt	8,007,039		190,624	328,079		7,869,584
Gabon	6,932,246		592,554	256,176		7,268,624
India	39,825,273		3,458,551	1,368,285		41,915,539
Jamaica	4,740,613		413,001	197,681		4,955,933
Morocco	67,003,286		5,803,117	2,738,242		70,068,161
Turkey	81,750,096		7,098,582	2,912,477		85,936,201
	594,596,495		*50,772,255*	*24,057,976*		*621,310,774*

		Payments and other charges		Receipts and other credits		
	April 1/2013	Payments or other charges (1)	Revaluation	Receipts or other credits (2)	Revaluation	March 31/2014
	$	$	$	$	$	$
(d) 31 to 55 year term, comprised of several loans with fixed or variable interest rates currently ranging from 0 percent to 2.21 percent per annum, with final repayments between December 2018 and December 2033:						
Kenya	4,454,865		381,668	237,789		4,598,744
Total — Budgetary loans	608,486,434		51,571,611	27,848,226		632,209,819
Subtotal	678,907,750		56,999,251	36,240,613		699,666,388
Less: portion expensed due to concessionary terms	530,161,741	25,068,370				505,093,371
Total	148,746,009	25,068,370	56,999,251	36,240,613		194,573,017

Note: Final repayment dates may change if loan amounts are rescheduled or restructured.

(1) Payments or other charges may include transactions such as loans, adjustments, etc.

(2) Receipts or other credits may include transactions such as repayments, forgiveness, etc.

(3) Prior to April 1, 1987, these loans were authorized by miscellaneous non-budgetary authorities. Subsequently, they were authorized by miscellaneous budgetary authorities.

Developing countries — International development assistance

Interest-free or low interest bearing loans have been made through the Canadian International Development Agency to developing countries for international development assistance. Loans are recorded in part as expenses when the economic value of the loans is reduced due to their concessionary terms. No new loans have been issued since April 1, 1986.

The following table presents the balances and transactions for the loans made to developing countries, together with their terms and conditions of repayments.

All loans have been made in Canadian dollars and are therefore not subject to revaluations for foreign exchange fluctuations.

Similar assistance has been provided to developing countries by way of subscriptions and advances to the International Development Association, advances to the Global Environment Facility, and loans to other international financial institutions. These are reported later in this section under the heading "International Organizations".

In 2006-2007, the Government of Canada, as represented by the Canadian International Development Agency, entered into an agreement with the Government of Pakistan to forgive its outstanding $447,507,534 loan pursuant to Foreign Affairs and International Trade Vote 32c, *Appropriation Act No. 5, 2009-2010*. In order to expire its debt obligation, the Government of Pakistan will be required to make education sector investments that are equivalent to the current present value of its debt. According to the agreement, Pakistan's debt is to be written down proportionally by the Canadian International Development Agency as the investments are made in 2013-2014. The Government of Pakistan has invested in its education sector program and those investments permitted the Canadian International Development Agency to grant the Government of Pakistan a debt forgiveness equivalent to $89,931,699. Since 2009-2010, the Government of Pakistan's debt has been reduced by the total amount of $222,281,038.

	April 1/2013	Payments and other charges	Receipts and other credits [1]	March 31/2014
	$	$	$	$
(a) 30 year term, 7 year grace period, 3.0 percent interest per annum, with final repayment in March 2005:				
Cuba	9,547,012			9,547,012
(b) 35 year term, 4 year grace period, 5.0 percent interest per annum, semi-annual interest repayments with first principal repayment due January 2017 and final repayment in July 2026:				
Egypt	44,995,933			44,995,933
(c) 50 year term, 10 year grace period, non-interest bearing, with final repayments between March 2015 and September 2035:				
Algeria	4,464,377		427,722	4,036,655
Argentina	74,666		9,333	65,333
Bolivia	381,556		42,395	339,161
Brazil	125,481		125,481	
Chile	441,278		49,031	392,247
Colombia	131,540		13,154	118,386
Dominican Republic	2,470,195		144,622	2,325,573
Ecuador	2,627,516		261,848	2,365,668
Guatemala	1,381,250		100,000	1,281,250
Indonesia	135,280,815		9,766,268	125,514,547
Malaysia	1,168,078		62,935	1,105,143
Malta	274,980		25,000	249,980
Mexico	11,086		1,386	9,700
Morocco	4,378,930		384,920	3,994,010
Myanmar (Burma)	8,306,202		8,306,202	
Pakistan	260,158,195		89,931,699	170,226,496
Paraguay	69,987		9,998	59,989
Peru	18,641		1,864	16,777
Philippines	1,160,472		97,159	1,063,313
Sri Lanka	62,522,691		4,325,399	58,197,292
Thailand	11,067,642		674,620	10,393,022
Tunisia	35,401,428		3,295,729	32,105,699
	531,917,006		*118,056,765*	*413,860,241*
(d) 50 year term, 13 year grace period, non-interest bearing, with the final repayment in March 2023:				
Algeria	12,450,914		1,245,092	11,205,822
Subtotal	598,910,865		119,301,857	479,609,008
Less: portion expensed due to concessionary terms	372,572,827	80,062,145		292,510,682
Total	226,338,038	80,062,145	119,301,857	187,098,326

Note: Grace period refers to interval from date of issuance of the loan to first repayment of loan principal.

[1] Receipts and other credits may include transactions such as repayments, forgiveness, etc.

North Atlantic Treaty Organization — Damage claims recoverable

Article VIII of the NATO Status of Forces Agreement signed April 4, 1949, as amended, deals with claims for damages to third parties arising from accidents in which a member of a visiting force is involved. This account is charged with the amount recoverable from other states, for claims for damages which took place in Canada, and is credited with recoveries.

The advances are non-interest bearing and have no specific repayment terms.

International Organizations

This group records Canada's subscriptions to the share capital of international banks. It also includes loans and advances to associations and other international organizations.

Canada's subscriptions to the share capital of a number of international banks are composed of both paid-in and callable capital. Subscriptions to international organizations do not provide a return on investment but are repayable on termination of the organization or withdrawal from it.

Paid-in capital subscriptions are made through a combination of cash payments and the issuance of non-interest bearing, non-negotiable notes payable to the organization. Although payable on demand, these notes are typically encashed according to terms of agreements reached between the organization and participating countries. Canada's subscriptions to the paid-in capital of these organizations are reported in Table 9.13.

Callable share capital is composed of resources that are not paid to the banks but act as a guarantee to allow them to borrow on international capital markets to finance their lending program. Callable share capital, which has never been drawn on by the banks, would only be utilized in extreme circumstances to repay loans, should a bank's reserves not be sufficient. It represents a contingent liability of the Government, and is listed with other contingent liabilities related to international organizations in Table 11.6 (Section 11 of this volume).

Most loans and advances to international organizations are made to banks and associations that use these funds to make loans to developing countries at significant concessionary terms. Loans made on a long-term, low-interest or interest-free basis, and investments in organizations that make similar loans, are recorded in full or in part as expenses when the economic value is reduced due to their concessionary terms.

Table 9.13 presents a summary of the balances and transactions for share capital, loans and advances to international organizations. The revaluation amount represents the conversion of foreign currency balances to the year-end closing rates of exchange. Balances denominated in United States dollars were converted to Canadian dollars at year-end exchange rate of ($1 US/$1.1055 Cdn).

Tables 11.4 and 11.6 (Section 11 of this volume) present additional information on contractual obligations and contingent liabilities for international organizations that are disclosed in the notes to the audited consolidated financial statements in Section 2 of this volume.

The notes payable outstanding at year end of $471,669,652 ($469,236,058 in 2013) are reported in Table 5.3 (Section 5 of this volume).

Table 9.13

International Organizations

		Payments and other charges		Receipts and other credits		
	April 1/2013	Participation or other charges	Revaluation	Reimbursements or other credits	Revaluation	March 31/2014
	$	$	$	$	$	$
Capital subscriptions [1] —						
Finance						
European Bank for Reconstruction and Development	219,656,831		19,349,691			239,006,522
International Bank for Reconstruction and Development (World Bank)	440,863,846	37,390,898				478,254,744
International Development Association [2] [3]	9,847,728,061	441,610,000				10,289,338,061
International Finance Corporation	82,643,472	7,280,109				89,923,581
Multilateral Investment Guarantee Agency	10,903,966	960,536				11,864,502
	10,601,796,176	*487,241,543*	*19,349,691*			*11,108,387,410*
Foreign Affairs, Trade and Development [1] —						
African Development Bank	195,046,978	29,291,205	13,542,661			237,880,844
Asian Development Bank — Special	266,156,887	37,109,323	11,434,925			314,701,135
Caribbean Development Bank	41,066,472	49,878	3,067,849			44,184,199
Inter-American Development Bank	210,645,291	15,141,295	18,152,056			243,938,642
Inter-American Investment Corporation		1,645,200				1,645,200
	712,915,628	*83,236,901*	*46,197,491*			*842,350,020*
	11,314,711,804	*570,478,444*	*65,547,182*			*11,950,737,430*

Table 9.13

International Organizations — *Concluded*

		Payments and other charges		Receipts and other credits		
	April 1/2013	Participation or other charges	Revaluation	Reimbursements or other credits	Revaluation	March 31/2014
	$	$	$	$	$	$
Loans and advances —						
Finance —						
Global Environment Facility [2]	10,000,000					10,000,000
International Finance Corporation — Financial Mechanism for Climate Change Facility	328,854,800					328,854,800
International Finance Corporation — Global Agriculture and Food Security Program	48,000,000					48,000,000
International Monetary Fund — Poverty Reduction and Growth Trust [1]	85,310,203		9,175,998	19,346,131		75,140,070
	472,165,003		*9,175,998*	*19,346,131*		*461,994,870*
Foreign Affairs, Trade and Development —						
International financial institutions [2] [4] —						
African Development Bank	968,895			125,000		843,895
African Development Fund	2,434,082,398	108,538,495	6,712,495			2,549,333,388
Andean Development Corporation	1,312,500			125,000		1,187,500
Asian Development Bank — Special	27,027,000					27,027,000
Asian Development Fund	2,162,814,759	47,690,124				2,210,504,883
Caribbean Development Bank — Agricultural Development Fund	2,000,000					2,000,000
Caribbean Development Bank — Commonwealth Caribbean Regional	4,064,000		358,000			4,422,000
Caribbean Development Bank — Special	284,726,175	16,705,000	1,123,225			302,554,400
Central American Bank for Economic Integration	344,280			76,500		267,780
Global Environment Facility Trust Fund	671,570,000	54,750,000				726,320,000
Inter-American Development Bank — Fund for Special Operations	341,365,496	975,008	16,170,696			358,511,200
International Bank for Reconstruction and Development	20,320,000		1,790,000			22,110,000
International Fund for Agriculture Development	354,383,396	12,500,000				366,883,396
International Monetary Fund	11,144,943		981,764			12,126,707
Montreal Protocol Multilateral Fund	92,727,518	4,277,502	2,388,258			99,393,278
Multilateral Investment Fund	49,308,294					49,308,294
	6,458,159,654	*245,436,129*	*29,524,438*	*326,500*		*6,732,793,721*
International organizations and associations [1] —						
Berne Union of the World Intellectual Property Organization	39,192					39,192
Customs Co-operation Council	9,662					9,662
Food and Agriculture Organization	1,051,200					1,051,200
General Agreement on Tariffs and Trade	48,806					48,806
International Atomic Energy Agency	447,110					447,110
International Civil Aviation Organization	200,429					200,429
International Maritime Organization	2,202					2,202
Paris Union of the World Intellectual Property Organization	100,989					100,989
United Nations Educational, Scientific and Cultural Organization	872,987					872,987
United Nations organizations	3,632,480					3,632,480
World Health Organization	181,122					181,122
	6,586,179					*6,586,179*
	6,936,910,836	*245,436,129*	*38,700,436*	*19,672,631*		*7,201,374,770*
Subtotal	18,251,622,640	815,914,573	104,247,618	19,672,631		19,152,112,200
Less: portion expensed due to concessionary terms	1,752,800	166,492				1,586,308
Total	18,249,869,840	816,081,065	104,247,618	19,672,631		19,150,525,892

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(1) Loans and investments made prior to April 1, 1986 which were authorized by non-budgetary authorities.
(2) Loans and investments made since April 1, 1986 which were authorized by budgetary authorities.
(3) International Development Association has been transferred from Loans and advances to Capital subscriptions.
(4) Canadian International Development Agency was amalgamated with the Department of Foreign Affairs, Trade and Development on June 26, 2013 following the Royal Assent of Bill C-60.

European Bank for Reconstruction and Development

This account records Canada's subscriptions to the capital of the European Bank for Reconstruction and Development (EBRD), as authorized by the *European Bank for Reconstruction and Development Agreement Act*, and various appropriation acts.

At year end, Canada has subscribed to 102,049 shares of the EBRD's authorized capital valued at 1,020,490,000 EUR.

Only 212,850,000 EUR or about 21 percent of Canada's share subscription is considered "paid-in". The balance is callable meaning the institution can request the resources in the unlikely event that it requires them to meet its financial obligations to bondholders. Payments for the share subscription are authorized by the Act. Each payment to the EBRD is comprised of cash and a promissory note.

Canada's contingent liability for the callable portion of its shares was 807,640,000 EUR.

Up to and including March 31, 2014 Canada's total cash contributions into the "paid-in" capital of the EBRD total $216,197,668 US.

International Bank for Reconstruction and Development (World Bank)

This account records Canada's subscriptions to the capital of the International Bank for Reconstruction and Development, as authorized by the *Bretton Woods and Related Agreements Act*, and various appropriation acts.

As at March 31, 2014, Canada has subscribed to 58,354 shares. The total value of these shares is $7,039,534,790 US, of which $417,775,385 US plus $16,404,055 Cdn has been paid-in. The remaining portion is callable.

The callable portion is subject to call by the Bank under certain circumstances. Canada's contingent liability for the callable portion of its shares is $6,606 million US.

International Development Association

This account records Canada's contributions and subscriptions to the International Development Association (IDA), as authorized by the *Bretton Woods* and *Related Agreements Act*, and various appropriation acts (including Finance Vote L15, *Appropriation Act No. 1, 2013-2014*). The contributions and subscriptions to the Association, which is part of the World Bank Group, are used to lend funds to the poorest developing countries for development purposes, on highly favourable terms (no interest, with a 35 to 40 year maturity and 10 years of grace). Contributions and subscriptions to IDA are made in non-negotiable, non-interest bearing demand notes that are later encashed.

During the year, transactions included participation through the issuance of notes payable.

As at March 31, 2014, Canada's total participation in IDA amounted to $10,289,338,061 Cdn.

International Finance Corporation

This account records Canada's subscriptions to the capital of the International Finance Corporation, which is part of the World Bank Group, as authorized by the *Bretton Woods and Related Agreements Act*, and various appropriation acts.

As at March 31, 2014, Canada has subscribed to 81,342 shares. These shares have a total value of $81,342,000 US, all of which has been paid-in.

Multilateral Investment Guarantee Agency

This account records Canada's subscriptions to the capital of the Multilateral Investment Guarantee Agency, as authorized by the *Bretton Woods and Related Agreements Act*, and various appropriation acts.

As at March 31, 2014, Canada has subscribed to 5,225 shares. The total value of these shares is $56,534,500 US, of which $10,732,250 US is paid-in and the remaining portion is callable.

The callable portion is subject to call by the Agency under certain circumstances. Canada's contingent liability for the callable portion of its shares is $45,802,250 US.

African Development Bank

This account records Canada's subscriptions to the capital of the African Development Bank, as authorized by the *International Development (Financial Institutions) Assistance Act*, and various appropriation acts.

At year end, authority had been granted for subscriptions of 18,016 paid-in shares and 227,656 callable shares. Paid-in shares are purchased using cash and notes payable that are later encashed.

As at March 31, 2014, Canada's participation to the paid-in capital is $237,880,844 Cdn for 15,760 paid-in shares and of these paid-in shares, 11,232 were issued in US dollars.

The callable shares are subject to call by the Bank under certain circumstances. Canada's contingent liability for callable shares has a current value of $984,917,646 Cdn and $2,480,148,515 US for a total value of $3,726,721,829 Cdn.

Asian Development Bank

This account records Canada's subscriptions to the capital of the Asian Development Bank, as authorized by the *International Development (Financial Institutions) Assistance Act*, and various appropriation acts.

At year end, authority had been granted for subscriptions of 27,768 paid-in shares and 527,490 callable shares. Paid-in shares are purchased using cash and notes payable that are later encashed.

As at March 31, 2014, Canada's participation to the paid-in capital is $314,701,135 Cdn for 24,806 paid-in shares. Of these paid-in shares, 22,436 were issued in US dollars.

The callable shares are subject to call by the Bank under certain circumstances. Canada's contingent liability for callable shares has a current value of $5,820,156,210 US and $596,976,219 Cdn for a total value of $7,031,158,909 Cdn.

Caribbean Development Bank

This account records Canada's subscriptions to the capital of the Caribbean Development Bank, as authorized by the *International Development (Financial Institutions) Assistance Act*, and various appropriation acts.

At year end, authority had been granted for subscriptions of 5,710 paid-in shares and 20,294 callable shares. Paid-in shares are purchased using cash and notes payable that are later encashed.

As at March 31, 2014, Canada's participation to the paid-in capital is $44,184,199 Cdn for 5,710 paid-in shares. These shares were issued in US dollars.

The callable shares are subject to call by the Bank under certain circumstances. Canada's contingent liability for callable shares has a current value of $122,408,132 US for a total value of $135,322,189 Cdn.

Inter-American Development Bank

This account records Canada's subscriptions to the capital of the Inter-American Development Bank, as authorized by the *International Development (Financial Institutions) Assistance Act*, and various appropriation acts.

At year end, authority had been granted for subscriptions of 20,034 paid-in shares and 655,377 callable shares. Paid-in shares are purchased using cash and notes payable that are later encashed.

As at March 31, 2014, Canada's participation to the paid-in capital is $245,583,842 Cdn for 17,409 paid-in shares. These shares were issued in US dollars.

The callable shares are subject to call by the Bank under certain circumstances. Canada's contingent liability for callable shares has a current value of $7,906,096,123 US for a total value of $8,740,189,264 Cdn.

Inter-American Investement Corporation

This account records Canada's subscriptions to the capital of the Inter-American Investment Corporation, as authorized by the *International Development (Financial Institutions) Assistance Act*, and various appropriation acts.

At year end, authority had been granted for subscriptions of 150 paid-in shares. Paid-in shares are purchased using cash and notes payable that are later encashed.

As at March 31, 2014, Canada's participation to the paid-in capital is $1,645,200 Cdn for 150 paid-in shares. These shares were issued in US dollars.

Global Environment Facility

This account records the funding of a facility for environmental funding in developing countries in the areas of ozone, climate change biodiversity and international waters as authorized by the *Bretton Woods and Related Agreements Act*, and various appropriation acts. Advances to the Global Environment Facility (GEF) are made in non-negotiable, non-interest bearing demand notes that are later encashed.

As at March 31, 2014, advances to the GEF amounted to $10,000,000 Cdn.

International Finance Corporation — Financial Mechanisms for Climate Change Facility

This account records Canada's financial support of the International Finance Corporation's (IFC) — Financial Mechanisms for Climate Change (FMCC) facility as authorized by the *Bretton Woods and related Agreements Act*, and various appropriation acts (including Finance Vote L12b, *Appropriation Act No. 4, 2010-2011* and Vote L17c, *Appropriation Act No. 5, 2012-2013*). The FMCC supports private sector engagement in climate change mitigation and adaptation activities through the provision of concessional and commercial financing arrangements.

As at March 31, 2014, advances to the IFC-FMCC amounted to $328,854,800 Cdn. During the year, amounts were recovered through the FMCC trust mechanism based on the terms and conditions of project funding which is administered by the IFC in accordance with the administration agreement signed between the IFC and the Government of Canada.

International Finance Corporation — Global Agriculture and Food Security Program

This account records Canada's financial assistance to the International Finance Corporation (IFC) for participation in the G8 Food Security Initiative (FSI) as authorized by the *Bretton Woods and related Agreements Act*, and various appropriation acts.

As at March 31, 2014, advances to the IFC-FSI amounted to $48,000,000 Cdn.

During the year, accounts for front-end and commitment fees and interest were repaid in accordance with the administration agreement signed between the IFC and the Government of Canada.

International Monetary Fund — Poverty Reduction and Growth Trust

This account records the loan to the International Monetary Fund's Poverty Reduction and Growth Trust (formerly the Poverty Reduction and Growth Facility) in order to provide assistance to qualifying low-income countries as authorized by the *Bretton Woods and Related Agreements Act*, and various appropriation acts.

The total loan authority pursuant to the *Bretton Woods and Related Agreements Act* was set at $550 million or such greater amount as may be fixed by the Governor in Council. The Governor in Council subsequently increased the limit to SDR 1.2 billion.

As at March 31, 2014, Canada has lent a total of 728,520,000 SDR to the Poverty Reduction and Growth Trust. Of this amount, 684,544,750 SDR has been repaid.

The outstanding balance of 43,975,250 SDR was translated into Canadian dollars at the year-end closing rate of exchange (1 SDR /$1.70869 Cdn). During the year, transactions included repayments and an exchange valuation adjustment.

Separately, Canada has also made budgetary contributions towards an interest subsidy amounting to 215,157,946 SDR, which do not appear in Table 9.13.

International financial institutions

This account records loans and advances for assistance to international financial institutions, as authorized by the *International Development (Financial Institutions) Assistance Act*, and various appropriation acts (including Foreign Affairs, Trade and Development Votes L17, L19 and L19b, *Appropriation Act No. 1 and No. 3, 2013-2014*).

In certain cases, loans and advances are made using notes payable that are later encashed. During the year, transactions included loans and advances made in cash and through note issuances, encashments of notes issued in previous years and revaluations for foreign currency fluctuations.

International organizations and associations

These items represent the historical value of payments made by the Canadian Government to working capital funds maintained by international organizations of which Canada is a member. Participation in the financing of these working capital funds, on the basis of the scale of assessments, is prescribed by financial regulations for membership in the organizations. Payments into the funds are not subject to interest or repayment schedules, but are recorded by the organizations as credits from member states. Payments by Canada were authorized by appropriation acts.

Provincial and Territorial Governments

This category records loans to provinces and territories made under relief acts and other legislation.

Loans made on a long-term, low-interest or interest-free basis are recorded in part as expenses when the economic value of these loans is reduced due to their concessionary terms.

Table 9.14 presents a summary of the balances and transactions for the various types of loans and advances that have been made to provincial and territorial governments.

Table 9.14

Provincial and Territorial Governments

	April 1/2013	Payments and other charges	Receipts and other credits	March 31/2014
	$	$	$	$
Newfoundland and Labrador				
Finance				
Federal-provincial fiscal arrangements	327,997,244		18,936,408	309,060,836
Municipal Development and Loan Board	315,626			315,626
Winter capital projects fund	2,836,758			2,836,758
Total Newfoundland and Labrador	331,149,628		18,936,408	312,213,220
Nova Scotia				
Finance				
Federal-provincial fiscal arrangements	99,959,232		33,319,824	66,639,408
Total Nova Scotia	99,959,232		33,319,824	66,639,408
Prince Edward Island				
Finance				
Federal-provincial fiscal arrangements	12,376,544		3,907,704	8,468,840
Winter capital projects fund	63,079			63,079
Total Prince Edward Island	12,439,623		3,907,704	8,531,919
New Brunswick				
Finance				
Federal-provincial fiscal arrangements	62,496,488		20,832,216	41,664,272
Total New Brunswick	62,496,488		20,832,216	41,664,272
Quebec				
Finance				
Federal-provincial fiscal arrangements	706,706,794	6,495,750	276,950,958	436,251,586
Total Quebec	706,706,794	6,495,750	276,950,958	436,251,586
Ontario				
Finance				
Federal-provincial fiscal arrangements	135,328,496		15,036,504	120,291,992
Mutual fund capital gain refund overpayments	132,995,762		132,995,762	
Total Ontario	268,324,258		148,032,266	120,291,992
Manitoba				
Finance				
Federal-provincial fiscal arrangements	14,092,528		4,697,496	9,395,032
Mutual fund capital gain refund overpayments	9,095,522		9,095,522	
Total Manitoba	23,188,050		13,793,018	9,395,032
Saskatchewan				
Finance				
Federal-provincial fiscal arrangements	203,870,352		23,660,208	180,210,144
Total Saskatchewan	203,870,352		23,660,208	180,210,144

Table 9.14

Provincial and Territorial Governments — *Concluded*

	April 1/2013	Payments and other charges	Receipts and other credits	March 31/2014
	$	$	$	$
Alberta				
Finance				
Federal-provincial fiscal arrangements	6,891,872		2,297,304	4,594,568
Total Alberta	6,891,872		2,297,304	4,594,568
British Columbia				
Finance				
Comprehensive Integrated Tax Coordination Agreement	959,400,000		319,800,000	639,600,000
Federal-provincial fiscal arrangements	180,291,272		60,097,104	120,194,168
Total British Columbia	1,139,691,272		379,897,104	759,794,168
Subtotal	2,854,717,569	6,495,750	971,627,010	1,889,586,309
Less: portion expensed due to concessionary terms	128,295,289	65,437,068		62,858,221
Total	2,726,422,280	71,932,818	971,627,010	1,826,728,088

Federal-provincial fiscal arrangements

These amounts represent net overpayments in respect of transfer payments to provinces under the *Constitution Acts 1867 to 1982*, the *Federal-Provincial Fiscal Arrangements Act*, and other statutory authorities. The overpayments are non-interest bearing and are paid in subsequent years.

Municipal Development and Loan Board

Loans have been made to provinces and municipalities, to augment or accelerate municipal capital works programs.

The loans bear interest at rates from 5.25 percent to 5.375 percent per annum, and are repayable in annual or semi-annual instalments over 15 to 50 years.

Winter capital projects fund

Loans have been made to provinces, provincial agencies and municipalities, to assist in the creation of employment.

The loans bear interest at rates from 7.4 percent to 9.5 percent per annum, and are repayable either in annual instalments over 5 to 20 years, or at maturity.

Mutual fund capital gain refund overpayments

These amounts represent overpayments made to provinces under tax collection agreements for tax years 1997 to 1999 stemming from the misclassification of mutual fund trust capital gains refunds. Recoveries were non-interest bearing and took place over a 10-year period which started in 2004-2005.

During the year, these amounts were repaid in full.

Comprehensive Integrated Tax Coordination Agreement

Transitional assistance that had been paid to British Columbia as part as a Comprehensive Integrated Tax Coordination Agreement with Canada is being recovered in equal annual instalments with final payment due in March 2016. The government has not collected interest on these amounts.

Other Loans, Investments and Advances

This group records loans, investments and advances not classified elsewhere.

Table 9.15 presents a summary of the balances and transactions for the various types of other loans, investments and advances.

Table 9.15

Other Loans, Investments and Advances

	April 1/2013	Payments and other charges	Receipts and other credits	March 31/2014
	$	$	$	$
Unconditionally repayable contributions —				
Agriculture and Agri-Food	53,918,759	34,232,279	5,024,388	83,126,650
Atlantic Canada Opportunities Agency	335,682,731	50,002,332	49,659,305	336,025,758
Economic Development Agency of Canada for the Regions of Quebec	394,925,148	82,366,612	57,664,789	419,626,971
Federal Economic Development Agency for Southern Ontario	166,450,682	33,263,012	20,816,756	178,896,938
Foreign Affairs, Trade and Development (1)	525,000,000			525,000,000
Industry	687,845,458	111,500,304	16,368,474	782,977,288
Western Economic Diversification	32,012,774	313,285	4,454,074	27,871,985
Subtotal	2,195,835,552	311,677,824	153,987,786	2,353,525,590
Less: portion expensed due to concessionary terms	269,676,439	30,718,070	29,899,305	268,857,674
Total — Unconditionally repayable contributions	1,926,159,113	342,395,894	183,887,091	2,084,667,916
Loans and accountable advances —				
Foreign Affairs, Trade and Development				
Missions abroad	37,859,408	179,821,857	179,064,953	38,616,312
Personnel posted abroad	21,938,772	1,450,372	2,699,247	20,689,897
	59,798,180	*181,272,229*	*181,764,200*	*59,306,209*
National Defence				
Imprest accounts, standing advances and authorized loans	34,781,001	110,162,835	104,068,779	40,875,057
Other departments				
Miscellaneous accountable advances	16,631,978	2,777,927	232,387	19,177,518
Miscellaneous accountable imprest funds and standing advances	20,039,659		28,087	20,011,572
	36,671,636	*2,777,927*	*260,473*	*39,189,090*
Total — Loans and accountable advances	131,250,817	294,212,991	286,093,452	139,370,356
Other —				
Agriculture and Agri-Food				
Construction of multi-purpose exhibition buildings	35,593			35,593
Hog Industry Loan Loss Reserve Program	243,800,487		25,418,581	218,381,906
National Marketing Programs	209,174,199	104,831,611	31,984,652	282,021,158
	453,010,279	*104,831,611*	*57,403,233*	*500,438,657*
Citizenship and Immigration				
Immigration loans	40,828,891	13,964,799	13,161,994	41,631,696
Employment and Social Development				
Canada Student Loans Program	15,780,168,744	3,221,132,805	2,146,891,375	16,854,410,174
Provincial workers' compensation boards	13,060,001			13,060,001
	15,793,228,745	*3,221,132,805*	*2,146,891,375*	*16,867,470,175*
Finance				
Canadian Commercial Bank	42,202,293			42,202,293
Financial Consumer Agency of Canada — Advances		8,000,000	8,000,000	
	42,202,293	*8,000,000*	*8,000,000*	*42,202,293*
Fisheries and Oceans				
Canadian producers of frozen groundfish	128,315			128,315
Haddock fishermen	1,343,337			1,343,337
	1,471,652			*1,471,652*
Foreign Affairs, Trade and Development —				
Support and development of trade (loans administered by Export Development Canada)	2,694,727,256	221,114,258	320,425,423	2,595,416,091

Table 9.15

Other Loans, Investments and Advances — *Concluded*

	April 1/2013	Payments and other charges	Receipts and other credits	March 31/2014
	$	$	$	$
Indian Affairs and Northern Development				
Council of Yukon First Nations — Elders	4,025,769		775,633	3,250,136
Farm Credit Canada Guarantee Loans Program	103,695			103,695
First Nations in British Columbia	464,923,955	22,472,063	1,686,154	485,709,864
Indian Economic Development Fund	43,149			43,149
Indian Economic Development Guarantee Loans Program	521,974			521,974
Inuit Loan Fund	71,457			71,457
Native Claimants	445,315,914	18,471,689	25,359,989	438,427,614
On Reserve Housing Guarantee Loans Program	12,214,029		1,602,141	10,611,888
Stoney Band Perpetual Loan	389,615			389,615
	927,609,557	*40,943,752*	*29,423,917*	*939,129,392*
Industry				
Company stock option				
Manufacturing, processing and service industries in Canada	110,000,000			110,000,000
Other Business loans	57,772,830	59,184,724	52,909,447	64,048,107
National Research Council of Canada				
H.L. Holmes Fund	4,812,427	67,836		4,880,263
	172,585,257	*59,252,560*	*52,909,447*	*178,928,370*
Natural Resources				
Nordion International Inc.	50,000,000		4,000,000	46,000,000
Public Safety and Emergency Preparedness				
Correctional Service of Canada				
Parolees	4,401	560	155	4,806
Public Works and Government Services				
Seized Property Working Capital Account	(695,297)	44,854,360	44,889,949	(730,886)
Transport				
Greater Victoria Harbour Authority	2,236,709		42,720	2,193,989
St. Lawrence Seaway Management Corporation	7,672			7,672
	2,244,381		*42,720*	*2,201,661*
Treasury Board				
Federal Public Service Heatlh Care Adminstration Authority	263,229	2,400,000	2,288,038	375,191
Joint Learning Program	1,021,058	908,198	1,595,818	333,438
	1,284,287	*3,308,198*	*3,883,856*	*708,629*
Veterans Affairs				
Commonwealth War Graves Commission	46,314	8,976		55,290
Veterans' Land Act Fund				
Advances	5,731	208		5,939
	52,045	*9,184*		*61,229*
Other departments				
Miscellaneous	387,724	145,092	227,925	304,891
Subtotal — Other	20,178,941,471	3,717,557,179	2,681,259,994	21,215,238,656
Less: portion expensed due to concessionary terms and other discounts	148,257,058	15,541,022		132,716,036
	20,030,684,413	3,733,098,201	2,681,259,994	21,082,522,620
Add: consolidation adjustment [2]	3,356,844,000		168,644,000	3,188,200,000
Total — Other	23,387,528,413	3,733,098,201	2,849,903,994	24,270,722,620
Total	25,444,938,343	4,369,707,086	3,319,884,537	26,494,760,892

[1] Canadian International Development Agency was amalgamated with the Department of Foreign Affairs, Trade and Development on June 26, 2013 following the Royal Assent of Bill C-60.

[2] Additional information on consolidated Crown corporations and other entities is also provided in Section 4 of this volume.

Unconditionally repayable contributions

Unconditionally repayable contributions are, in substance loans, and are generally made to businesses pursuant to various Acts of Parliament, with various amounts outstanding.

These loans are aimed at stimulating economic development or for assistance. They bear various interest rates, some of which have concessional terms, and are repayable at various due dates with final instalments due within up to 10 years of initial disbursement.

Loans made on a long-term, low-interest or interest-free basis are recorded in part as expenses when the economic value of the loans is reduced due to their concessionary terms.

Missions abroad

Non-interest bearing advances have been made for interim financing of expenses at missions abroad, pending distribution to appropriations of Foreign Affairs and International Trade and other departments and agencies.

The total amount authorized to be outstanding at any time is $50,000,000.

Personnel posted abroad

A working capital advance account was established to finance loans and advances to employees posted abroad, including employees of other Government departments and agencies, as well as medical advances to locally-engaged staff.

The total amount authorized to be outstanding at any time is $38,200,000, as last amended by Foreign Affairs and International Trade Vote L12c, *Appropriation Act No. 5, 2009-2010*.

The closing balance consists of loans to employees, $16,561,598; advances for medical expenses, $754,138; advances for workmen's compensation, $4,253; security and other deposits under Foreign Service Directives, $1,475,065 and, school and club debentures, $1,894,843.

The loans to employees bear interest at rates from 0.75 percent to 5.0 percent per annum, and are repayable within 4 years, with final instalments between April 1, 2014 and March 1, 2018.

Imprest accounts, standing advances and authorized loans

This account was established for the purpose of financing: *(a)* public funds imprest and public funds advance accounts; *(b)* standing advances; *(c)* authorized loans and advances to employees posted abroad; and, *(d)* authorized recoverable advances to establish military messes and canteens.

The total amount authorized to be outstanding at any time is $120,000,000, as last amended by National Defence Vote L11b, *Appropriation Act No. 4, 2001-2002*.

Miscellaneous accountable advances

The closing balance reflects amounts outstanding in the hands of departments, agencies and individuals, at year end, to be expended in the following year.

Miscellaneous accountable imprest funds and standing advances

This account is operated to provide imprest funds, accountable advances and recoverable advances to departments and agencies.

The total amount authorized to be outstanding at any time is $22,000,000.

Construction of multi-purpose exhibition buildings

The remaining loan has been made to finance the construction of a multi-purpose exhibition building.

Hog Industry Loan Loss Reserve Program

Loans made by financial institutions under the Hog Industry Loan Loss Reserve Program are partially guaranteed by the Crown. Where the producers have defaulted and the lenders have carried out regular collection activities, the Crown becomes subrogated to the lender's rights against the producer in default, to the extent of an amount equal to the withdrawal from the Reserve Fund.

National Marketing Programs

Loans made by financial institutions under the *Canadian Agricultural Loans Act* and advances made by producer organizations under the *Agricultural Marketing Programs Act* are guaranteed by the Crown. Where the guarantee is honoured, the Crown becomes subrogated to the financial institution's or producer organization's rights to outstanding principal, interest and costs.

Immigration loans

Section 88 of the *Immigration and Refugee Protection Act* authorizes the making of loans for the purpose of the Act.

The total amount authorized to be outstanding at any time is $110,000,000.

The terms and conditions of the loans, with their year-end balances, are as follows:

(a) repayable by monthly instalments over 1 to 6 years, with a possible deferment of 2 years, bearing interest at rates from 1.26 percent to 9.06 percent per annum, with final instalments between April 1, 2014 and April 1, 2020, $41,582,767; and,

(b) repayable by monthly instalments over 1 to 6 years, with a possible deferment of 2 years, non-interest bearing, with final instalments past due, $48,929.

Canada Student Loans Program

Direct loans to students

Loans issued on or after August 1, 2000 are administered under the authority of section 6.1 of the *Canada Student Financial Assistance Act*, which authorizes the Minister of Employment and Social Development to enter into loan agreements directly with any qualifying student. Agreements are subject to the terms and conditions approved by the Governor in Council, on the recommendation of the Minister of Employment and Social Development with the concurrence of the Minister of Finance.

The total amount of outstanding direct loans as at March 31, 2014 amounts to $16,515,558,301 ($15,415,683,143 as at March 31, 2013).

During the year, no loans were written off.

Risk-shared student loans

Loans issued prior to August 1, 2000 and on or after August 1, 1995 are amounts related to student loans subrogated to the Crown under the authority of the *Canada Student Financial Assistance Act*. The total amount of loans outstanding as at March 31, 2014 amounts to $124,375,035 ($133,280,071 as at March 31, 2013) for loans owned by Employment and Social Development and $1,192,987,376 ($1,329,889,012 as at March 31, 2013) for loans under the current ownership of the financial institutions.

Guaranteed student loans

Loans issued prior to August 1, 1995 are amounts related to student loans subrogated to the Crown under the authority of the *Canada Student Loans Act*. The total amount of loans outstanding as at March 31, 2014 amounts to $214,476,838 ($231,205,531 as at March 31, 2013) for loans owned by Employment and Social Development and $11,455,968 ($16,963,195 as at March 31, 2013) for loans under the current ownership of the financial institutions.

Outstanding aggregate amount of student loans

The total amount of direct loans issued under the authority of the *Canada Student Financial Assistance Act* and outstanding risk-shared loans bought-back by Employment and Social Development may not exceed nineteen billion dollars, except as otherwise provided by an Appropriation Act or other Act of Parliament.

The total amount of direct loans and outstanding risk-shared loans as at March 31, 2014 amounts to $16,639,933,336 ($15,548,963,214 as at March 31, 2013).

Provincial workers' compensation boards

This account is operated under the authority of subsection 4(6) of the *Government Employees Compensation Act*, to provide operating funds to enable provincial compensation boards to administer the Act on behalf of the Crown, and pay claims to Canadian Government employees injured in the course of their employment.

The total amount of advances that is authorized to be made to all provincial workers' compensation boards is not to exceed three months' disbursements for compensation.

The advances are non-interest bearing and are to be repaid on termination of agreements with provincial boards.

Canadian Commercial Bank

Advances have been made to the Canadian Commercial Bank representing the Government's participation in the support group as authorized by the *Canadian Commercial Bank Financial Assistance Act*. These funds represent the Government's participation in the loan portfolio that was acquired from the Bank and the purchase of outstanding debentures from existing holders.

Financial Consumer Agency of Canada — Advances

Interest-bearing advances have been made to defray the cost of operation of the Agency pursuant to Section 13(1) of the *Financial Consumer Agency of Canada Act*.

During the year, the advances were repaid in full.

Canadian producers of frozen groundfish

Loans have been made to Canadian producers of frozen groundfish, canned and frozen crabmeat, and canned and frozen lobster meat, to assist in the financing of inventories.

The loans bore interest at the rate of 13 percent per annum, and were repayable in equal annual instalments over 7 years, with the final instalment in December 1987. These loans are deemed unrecoverable and parliamentary authority is required to write off the balance.

Haddock fishermen

Loans have been made to Nova Scotia haddock fishermen whose fishery was closed from February 1 to May 31, 1975, pursuant to an agreement under the International Agreement for the Northwest Atlantic Fisheries. The total loan authority is $1,650,000.

The loans bore interest at the rate of 8 percent per annum, and were repayable in equal annual instalments over 4 years, with the final instalment in 1979. These loans are deemed unrecoverable and parliamentary authority is required to write off the balance.

Support and development of trade

Pursuant to section 23 of the *Export Development Act*, the Minister for International Trade, with the concurrence of the Minister of Finance, may authorize Export Development Canada ("the Corporation") to enter into certain transactions or class of transactions where the Minister is of the opinion it is in the national interest and where the Corporation has advised the Minister that it will not enter into such transactions without such authorization. Funding for such transactions is provided by the Minister of Finance out of the Consolidated Revenue Fund and the transactions are administered by the Corporation on behalf of the Government of Canada.

Since 2009, EDC has been operating under broadened powers to help increase access to credit for Canadian companies by participating in domestic financing and insurance transactions with private-sector financial institutions, insurance providers and the surety industry. The government has since reviewed and assessed EDC's activities, and it has resulted in the drafting of new regulations which came into force on March 11, 2014 (the "New Regulations"). The New Regulations clarify the circumstances in which EDC can provide support within Canada. They also enable EDC to provide support for purely domestic transactions (financing, guarantees and insurance) to companies that have at least 50 percent of their total annual consolidated sales in export and foreign markets. During the year, no transactions were entered into in the support and development of domestic trade.

Loan transactions with longer repayment terms and/or low or zero interest rates are recorded in part as expenses when the economic value is reduced due to such concessionary terms.

Tables 11.4 and 11.5 (Section 11 of this volume) present additional information on contractual obligations and guarantees that are disclosed in the notes to the audited consolidated financial statements in Section 2 of this volume.

The following table presents the balances and transactions for loans made to non-sovereign entities, together with their terms and conditions of repayments.

		Payments and other charges		Receipts and other credits		
	April 1/2013	Payments or other charges [1]	Revaluation	Receipts or other credits [2]	Revaluation	March 31/2014
	$	$	$	$	$	$
Export Trade						
(a) 6 to 10 year term, 8.28 percent to 10.28 percent interest per annum, with final repayments between February 2008 and April 2011:						
Antigua	30,480		2,685			33,165
(b) 11 to 15 year term, interest based on London Interbank Offered Rate (LIBOR), plus a range of rates from 6.5 percent to 11.0 percent per annum, with final repayments between January 2021 and January 2023:						
Cyprus	76,220,592			76,220,592		
(c) 11 to 15 year term, comprised of several loans with fixed or variable interest rates currently ranging from 2.44 percent to 4.18 percent per annum, with final repayments between May 2021 and November 2022:						
Sweden	115,012,995		5,186,916	87,470,985		32,728,926
(d) 16 to 20 year term, comprised of several loans with fixed or variable interest rates currently ranging from 1.85 percent to 5.89 percent per annum, with final repayments between December 2017 and March 2023:						
United States	1,103,864,133		92,752,644	136,729,965		1,059,886,812
(e) 16 to 20 year term, 0 percent interest per annum, with final repayments between June 2012 and November 2014:						
Spain	12,527,695			12,527,695		
(f) Term loan, interest based on the higher of 2.0 percent or LIBOR, plus a range of rates from 3.0 percent to 8.0 percent interest per annum, with final repayments between June 2009 and July 2010:						
Unites States	1,388,494,520		121,477,568	7,476,186		1,502,495,902
Insurance claims paid during the year:						
United States	255,856		15,430			271,286
Subtotal	2,696,406,271		219,435,243	320,425,423		2,595,416,091
Less: portion expensed due to concessionary terms	1,679,015	1,679,015				
Total — Export Trade	2,694,727,256	1,679,015	219,435,243	320,425,423		2,595,416,091

Note: Final repayment dates may change if loan amounts are rescheduled or restructured.

(1) Payments or other charges may include transactions such as loans, adjustments, etc.

(2) Receipts or other credits may include transactions such as repayments, forgiveness, etc.

Council of Yukon First Nations — Elders

Loans have been made to the Council of Yukon First Nations to provide interim benefits to elderly Yukon Indians pending settlement of Yukon Indian land claims.

The terms and conditions of the loans are as follows:

(a) loans made before an agreement-in-principle for the settlement of a claim is reached are non-interest bearing;

(b) loans made after the date on which an agreement-in-principle for the settlement of a claim has been reached, bear interest at a rate equal to the rate established by the Minister of Finance in respect of borrowings for equivalent terms by Crown corporations; and,

(c) loans are due and payable, as to principal and interest, on the date on which the claim is settled or on a date fixed in the loan agreement or promissory note, whichever date is earlier.

All the loans outstanding at year end bear interest at rates from 2.28 percent to 6.00 percent per annum.

Farm Credit Canada Guarantee Loans Program

The Farm Credit Canada guarantee loans program was discontinued as of November 14, 1989. The last active loan guarantee has expired and no future loan guarantees will be given under this program.

As of March 31, 2014, the outstanding amount represents the remaining defaulted loans reimbursed to the lenders by the Minister. These loans are deemed unrecoverable and the balance will be written off in future years.

First Nations in British Columbia

Loans have been made to First Nations in British Columbia to support their participation in the British Columbia Treaty Commission process related to the research, development and negotiation of treaties.

During the year, loans were authorized by Indian Affairs and Northern Development Vote L20, *Appropriation Act No.1, 2013-2014*.

The terms and conditions of the loans are as follows:

(a) loans made before an agreement-in-principle for the settlement of a treaty is reached are non-interest bearing;

(b) loans made before April 1, 2004 and after the date on which an agreement-in-principle for the settlement of a treaty has been reached, bear interest at a rate equal to the rate established by the Minister of Finance in respect of borrowings for equivalent terms by Crown corporations;

(c) loans made between April 1, 2004 and March 31, 2014 and after the date on which an agreement-in-principle for the settlement of a treaty has been reached, shall be interest free, unless the loans become due and payable during this period; and,

(d) loans are due and payable by the First Nations and will pay the loan on the earliest of the following dates:

i. date on which the treaty is settled;

ii. twelfth anniversary of the first loan advance to the First Nations under the earliest First Nations' funding agreement;

iii. seventh anniversary after the signing of an agreement-in-principle; or,

iv. date the federal minister demands payment of the loans due to an event of default under this agreement or under any First Nations' funding agreement.

The interest-bearing and non-interest bearing portions of the loans outstanding at year end are $18,038,235 and $467,671,629 respectively. Rates are from 1.161 percent to 4.545 percent per annum for the interest-bearing portion.

Indian Economic Development Fund

Loans have been made for the purposes of economic development of Indians to Indians or Indian bands, or to individuals, partnerships or corporations, the activities of which contribute or may contribute to such development.

The total amount authorized to be outstanding at any time is $48,550,835, as last amended by Indian Affairs and Northern Development Vote 7b, *Appropriation Act No. 4, 1996-97*.

All outstanding loans bear interest at rates from 7 percent to 11.25 percent per annum.

Indian Economic Development Guarantee Loans Program

The Indian Economic Development Guarantee authority, established under Vote L53(b), *Appropriation Act No. 1, 1970*, amended under P.C. 1977-3608, authorized the department to guarantee loans for Indian businesses on a risk-sharing basis with commercial lenders. The guarantee level is not to exceed at any time $60,000,000, less the total amount of payments made to implement previous guarantees under that authority.

Simple interest, usually based on a percentage plus the prime rate, will accrue on the debt after payout. All payments, including accrued interest, remain as a debt of the client until recovered in full.

Inuit Loan Fund

Loans have been made to individual Inuit or groups of Inuit to promote commercial activities and gainful occupations. Loans have also been made to co-operative associations, credit unions, caisses populaires or other credit societies incorporated under provincial laws, where the majority of members are Inuit, or to corporations incorporated under the laws of Canada, or provincial laws, where the controlling interest is held by Inuit.

The total amount authorized to be outstanding at any time is $6,633,697, as last amended by Indian Affairs and Northern Development Vote 37b, *Appropriation Act No. 4, 1995-96*.

The remaining loan bears interest at a rate of 5.50 percent per annum.

Native Claimants

Loans have been made to native claimants to defray the costs related to the research, development and negotiation of claims.

During the year, loans were authorized by Indian Affairs and Northern Development Vote L15, *Appropriation Act No. 1, 2013-2014*.

The terms and conditions of the loans are as follows:

(a) loans made before an agreement-in-principle for the settlement of a claim is reached are non-interest bearing;

(b) loans made after the date on which an agreement-in-principle for the settlement of a claim has been reached, bear interest at a rate equal to the rate established by the Minister of Finance in respect of borrowings for equivalent terms by Crown corporations; and,

(c) loans are due and payable as to principal and interest on the date on which the claim is settled, or on a date fixed in the agreement.

The interest bearing and the non-interest bearing portions of the loans outstanding at year end are $69,132,194 and $369,295,420 respectively. Rates are from 1.46 percent to 11.89 percent per annum for the interest-bearing portion.

On Reserve Housing Guarantee Loans Program

On Reserve Housing guarantees provide needed support to Indian or Indian bands residing on reserves or Crown land. Reserves are, as such, non-mortgageable and the ministerial guarantee provides security to the lending institution in the event of a default by the client.

The total amount authorized to be outstanding at any time is $2.2 billion, as last amended by Indian Affairs and Northern Development Vote 7b, *Appropriation Act No. 4, 2008-2009*.

If a loan made under the Minister's guarantee goes into default, the lender has recourse to the Minister for reimbursement. In 1987, a reserve for losses of $2 million per annum was established within the department's reference levels to cover all Guarantee Loan Programs administered by Indian Affairs and Northern Development. Such payments remain a debt of the First Nation to the Crown and interest is accrued and capitalized on these debts at the contract interest rate applicable at the time the loan was assigned to the Minister. Recovery of the debt is made to the extent possible, from the security used as collateral, such as land claim funds, or through repayment agreements.

Stoney Band Perpetual Loan

In 1946, loans were made to Stoney Band of Alberta for land acquisition beyond their treaty entitlement.

A loan not exceeding $500,000 was made to purchase additional land. Under the terms of the agreement, as stated in Treasury Board Minutes, P.C. 2/1437 dated April 11, 1946, the Band assigned monies accruing to them, from the rental of their water resources, to provide interest payments at the rate of 3 percent annually on the amount of the loan that had actually been expended. In the same agreement, the Band resolved that the Department allots $200,000 to the Pekisko Group, and $300,000 for the additions to Morley Reserve.

Company stock option

Pursuant to section 14 of the *Department of Industry Act*, and authorized by Industry Vote L15, *Appropriation Act No. 2*, this account establishes authority, in accordance with terms and conditions prescribed by regulations of the Governor in Council,

(a) to take, purchase, exercise, assign or sell, on behalf of Her Majesty in right of Canada, a stock option in a company in connection with the provision of a loan, insurance of a loan, or contribution made to the company by Her Majesty under a program authorized by the Governor in Council where, in the opinion of the Minister,

i. it is necessary to take, purchase, exercise, assign or sell the stock option in order to permit Her Majesty in right of Canada to benefit from the purchaser, or,

ii. it is necessary to take, purchase, exercise, assign or sell, the stock option in order to protect the Crown's interest in respect of a loan made or insured, or contribution made; and,

(b) to authorize the sale or other disposition of any capital stock acquired.

Manufacturing, processing and service industries in Canada

This account records loans made to persons engaged or about to engage or assist in manufacturing, processing or service industries in Canada in order to promote the establishment, improvement, growth, efficiency or international competitiveness of such industries or to assist them in their financial restructuring.

Loans are authorized by Industry Vote L20, *Appropriation Act No. 2*. During the year, no loans were issued.

There is one remaining loan which is interest free unless it goes into default, and otherwise is repayable at maturity on April 1, 2017.

Other Business loans

This account records money owed to the Government by borrowers upon default of loans that are subject to statutory authorities, pursuant to the *Small Business Loans Act* (SBLA), the *Canada Small Business Financing Act* (CSBFA), the capital leasing pilot project and the *Department of Industry Act*. These authorities provide for the payment of claims or the sharing of loan losses between lenders and the Government.

H.L. Holmes Fund

This account was established pursuant to paragraph 5(1)(f) of the *National Research Council Act* to record the residue of the estate of H.L. Holmes. Up to two thirds of the yearly net income from the fund shall be used to finance the H.L. Holmes Award on an annual basis. These awards will provide the opportunity to post-doctoral students to study at world famous graduate schools or research institutes under outstanding research persons.

Nordion International Inc.

A $100 million loan has been made to Nordion International Inc. for the construction of two nuclear reactors and related processing facilities to be used in the production of medical isotopes pursuant to an agreement reached on June 28, 1996 between MDS Health Group Ltd., Nordion International Inc. and Natural Resources Canada.

The secured loan is interest-free and fully repayable over 15 years commencing 42 months after the first loan drawdown was made.

Parolees

Loans have been made to parolees and individuals under mandatory supervision, to assist in their rehabilitation.

The total amount authorized to be outstanding at any time is $50,000.

The loans are non-interest bearing and are repayable before the expiration of the parole period, or within one year from the date the loans were made, whichever period is the shorter.

Seized Property Working Capital Account

This account was established by section 12 of the *Seized Property Management Act*. Expenses incurred, and advances made, to maintain and manage any seized or restrained property and other properties subject to a management order or forfeited to Her Majesty, are charged to this account. This account is credited when expenses and advances to third parties are repaid or recovered and when revenues from these properties or proceeds of their disposal are received and credited with seized cash upon forfeiture.

The total amount authorized to be outstanding at any time is $50,000,000.

Any shortfall between the proceeds from the disposition of any property forfeited to Her Majesty and the amounts that were charged to this account and that are still outstanding, is charged to a Seized Property Proceeds Account and credited to this account.

Greater Victoria Harbour Authority

The Victoria Harbour loan receivable relates to the sale of a parcel of Victoria Harbour land. A discount of $753,745 is recorded to reflect the concessionary nature of the loan.

The loan bears interest at the rate of 4.9 percent per annum, and is repayable over 15 years, with the final instalment on May 9, 2020.

St. Lawrence Seaway Management Corporation

This account was established by subsection 80(1) of the *Canada Marine Act*. Loans previously managed by the St. Lawrence Seaway Authority are now managed by the St. Lawrence Seaway Management Corporation in accordance with an agreement between the Department of Transport and the Corporation. The repayments of these loans are recorded in this account.

The loan bore interest at a rate of 7 percent per annum. The final instalment of the existing terms was anticipated for March 2013.

During the year 2013, the remaining parcels of land relating to the outstanding loan were sold. As of March 31, 2014, the remaining amount of this loan is deemed unrecoverable and parliamentary authority is required to write-off the balance.

Federal Public Service Health Care Administration Authority

The Federal Public Service Health Care Plan Administration Authority (referred to as the Administration Authority) was incorporated, without share capital, under subsection 7.2(1) of the *Financial Administration Act* effective May 1, 2007. Effective May 31, 2007, the assets and liabilities of the Public Service Health Care Plan (PSHCP) were transferred to the Government of Canada and to the Administration Authority as directed by the President of the Treasury Board of Canada and consistent with the Trust Agreement, which terminated May 31, 2007.

The Administration Authority is charged with the administration of the PSHCP. Its objective is to ensure that benefits and services to Plan members and their covered dependents, as defined in the PSHCP documentation, are delivered in a manner that ensures the effective and efficient administration of the PSHCP. Payments are made to the Administration Authority under Vote 20 and are authorized under the terms of reference of the funding agreement between the President of the Treasury Board and the Administration Authority. The funding agreement allows for the transfer of funds from the Treasury Board of Canada Secretariat to the Administration Authority in four quarterly instalments upon approval of the operating budget by the Secretary of the Treasury Board of Canada. These quarterly instalments are made in advance and actual expenses are recorded upon approval of the Administration Authority's Quarterly Financial Report.

Joint Learning Program

Advances have been made to the Public Service Alliance of Canada (PSAC) for the Joint Learning Program (JLP). Following the collective bargaining round of October 2004, 2008 and subsequently of 2010, a Memorandum of Understanding between the Treasury Board and PSAC was included in the collective bargaining agreements to provide funding for a JLP. The JLP is a negotiated partnership between PSAC and the Treasury Board of Canada Secretariat (TBS).The objective of the JLP is to improve labour relations in the public service. It is intended to provide joint union-management learning opportunities in areas where both parties have roles and responsibilities, and for which the Employer does not already have a legal obligation to provide training.

Payments are made to PSAC under Vote 20 and are authorized under the terms of reference of the Program. The terms of reference include the program costs, funding conditions, payment conditions, timelines, as well as a schedule of payments. The schedule of payments provides for a 3-month advance from TBS to PSAC to provide for program delivery costs. When actual expenses are reported every three months, the advance is reversed and the expenditure is recorded.

Commonwealth War Graves Commission

Advances have been made to the working capital fund of the Commonwealth War Graves Commission, to maintain graves and cemeteries.

At year end, the balance of the advances was £30,000 UK. This balance was converted to Canadian dollars, using the year-end rate of exchange.

The advances are non-interest bearing and have no fixed terms of repayments.

Veterans' Land Act Fund

Advances

Advances have been made, under Parts I and III of the *Veterans' Land Act*, for the acquisition of land, permanent improvements, removal of encumbrances, purchase of stock and equipment, and protection of security. The total amount authorized to be outstanding at any time is $605,000,000.

Allowance for conditional benefits

A provision equal to 1/10 of the benefits to veterans was established each year up to and including 1978-79. Since that time, a forecast of requirements has been performed each year, and provisions are established as necessary. These provisions are charged to expenses and credited to the allowance for conditional benefits account. This account represents the accumulated net provisions for benefits to veterans in the form of forgiveness of loans authorized by the *Veterans' Land Act*. These benefits come into effect only after certain conditions are fulfilled by the veterans. At the end of 10 years, the conditions having been met, the accumulated provision is charged to the allowance for conditional benefits account, and credited to the veteran's loan account.

Other departments — Miscellaneous

This account represents amounts outstanding in the hands of agencies and individuals, at year end. This group records loans, investments and advances not classified elsewhere.

Consolidation adjustment

The consolidation adjustment reflects the total loans, investments and advances held by consolidated Crown corporations and other entities. These mainly include investments such as bonds, money market funds and fixed income securities.

Allowance for Valuation

In accordance with the comprehensive policy on valuation, assets are subject to an annual valuation to reflect reductions from the recorded value to the estimated net realizable value.

The allowance for valuation, for loans, investments and advances, represents the estimated losses on the realization of the loans, investments and advances included in the accounts of Canada at year end.

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Section 10

2013-2014

Public Accounts of Canada

Non-Financial Assets

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Non-Financial Assets

Non-financial assets are assets that have an economic life that extends beyond the accounting period and that are intended for consumption in the normal course of operations. They are converted into expense in future periods and include tangible capital assets, inventories, and prepaid expenses.

Tangible capital assets consist of acquired, built, developed or improved tangible assets, which are intended to be used on a continuous basis and are not intended for sale in the ordinary course of business. For financial reporting purposes, tangible capital assets are grouped in the following categories: land, buildings, works and infrastructure, machinery and equipment, vehicles, leasehold improvements, assets under construction, and assets under capital leases.

Inventories are items of tangible property that are to be used in the delivery of program outputs. Some revolving funds and a few departments may have inventories held for resale to parties outside the Government.

Prepaid expenses are disbursements made, pursuant to a contract, before the completion of the work, delivery of the goods or rendering of the service.

Table 10.1 presents the non-financial assets by category.

Table 10.1

Non-Financial Assets by category

(in thousands of dollars)

	March 31/2014	March 31/2013
Net tangible capital assets, Table 10.2		
Land	1,597,238	1,565,938
Buildings	12,716,397	11,363,434
Works and infrastructure	5,975,103	5,731,752
Machinery and equipment	9,876,404	9,795,900
Vehicles, Table 10.3	14,031,909	13,361,589
Leasehold improvements	1,186,224	1,075,293
Assets under construction	13,849,863	14,653,666
Assets under capital leases, Table 10.4	2,709,443	2,693,518
	61,942,581	*60,241,090*
Inventories	7,315,212	7,453,445
Prepaid expenses	1,174,639	1,227,895
Total	70,432,432	68,922,430

Chart 10A
Non-Financial Assets by category at March 31, 2014

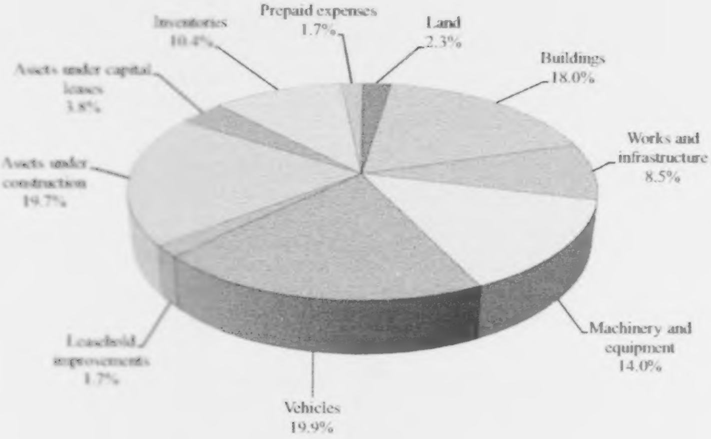
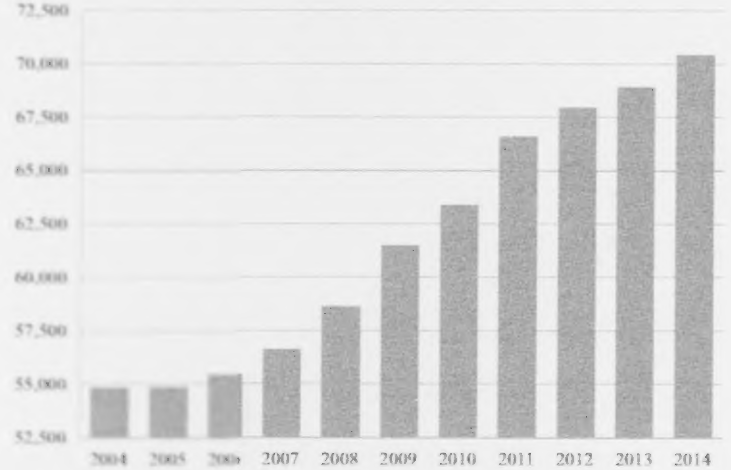


Chart 10B
Non-Financial Assets at March 31, 2014
(in millions of dollars)



Tangible Capital Assets

Table 10.2 presents tangible capital assets by main custodian ministries.

Table 10.2

Tangible Capital Assets by Main Custodian Ministries

(in thousands of dollars)

	Land	Buildings	Works and infrastructure	Machinery and equipment
Capital assets at cost				
Environment	201,031	1,023,770	2,947,002	919,856
Fisheries and Oceans	24,232	708,226	2,401,165	445,514
Foreign Affairs, Trade and Development	261,228	1,349,687	4,129	163,514
Industry	11,338	917,529	41,591	2,374,317
National Defence	88,886	8,729,684	2,390,013	21,091,090
Public Safety and Emergency Preparedness	80,553	3,936,393	707,005	1,661,703
Public Works and Government Services	260,433	5,241,300	1,139,945	1,537,223
Transport	256,230	977,117	2,733,428	211,646
Other ministries	32,432	1,602,509	82,622	3,163,894
	1,216,363	*24,486,215*	*12,446,900*	*31,568,757*
Consolidated Crown corporations and other entities	380,875	2,560,561	1,529,575	2,987,333
Gross total capital assets	1,597,238	27,046,776	13,976,475	34,556,090
Accumulated amortization				
Environment		702,685	1,798,947	641,258
Fisheries and Oceans		446,447	1,229,502	311,600
Foreign Affairs, Trade and Development		822,342	468	86,083
Industry		585,089	26,063	1,751,354
National Defence		3,768,649	1,330,624	15,112,798
Public Safety and Emergency Preparedness		1,745,930	411,898	1,210,598
Public Works and Government Services		3,399,438	487,465	1,121,282
Transport		698,289	1,943,411	153,220
Other ministries		1,065,834	38,884	2,061,155
		13,234,703	*7,267,262*	*22,449,348*
Consolidated Crown corporations and other entities		1,095,676	734,110	2,230,338
Total accumulated amortization		14,330,379	8,001,372	24,679,686
Total net capital assets				
Environment	201,031	321,085	1,148,055	278,598
Fisheries and Oceans	24,232	261,779	1,171,663	133,914
Foreign Affairs, Trade and Development	261,228	527,345	3,661	77,431
Industry	11,338	332,440	15,528	622,963
National Defence	88,886	4,961,035	1,059,389	5,978,292
Public Safety and Emergency Preparedness	80,553	2,190,463	295,107	451,105
Public Works and Government Services	260,433	1,841,862	652,480	415,941
Transport	256,230	278,828	790,017	58,426
Other ministries	32,432	536,675	43,738	1,102,739
	1,216,363	*11,251,512*	*5,179,638*	*9,119,409*
Consolidated Crown corporations and other entities	380,875	1,464,885	795,465	756,995
Total net capital assets	1,597,238	12,716,397	5,975,103	9,876,404

(1) Details can be found in Table 10.3.
(2) Details can be found in Table 10.4.

Vehicles [1]	Leasehold improvements	Assets under construction	Assets under capital leases [2]	Total March 31/2014	Total March 31/2013
145,571	40,540	204,722	39,370	5,521,862	5,402,431
2,041,282	494,719	263,004		6,378,142	6,219,883
146,665	208,976	326,610		2,460,809	2,545,051
29,647	68,840	796,580	64,461	4,304,303	4,585,908
31,456,843	42,984	8,869,562	835,864	73,504,926	71,555,661
704,763	161,638	1,054,176	16,265	8,322,496	7,686,347
10,506	940,084	1,340,018	2,480,784	12,950,293	12,250,604
712,352	27,276	43,031	818,820	5,779,900	5,845,416
152,222	692,164	361,933	96,241	6,184,017	5,932,321
35,399,851	*2,677,221*	*13,259,636*	*4,351,805*	*125,406,748*	*122,023,622*
1,051,130	295,765	590,227	166,076	9,561,542	9,254,306
36,450,981	2,972,986	13,849,863	4,517,881	134,968,290	131,277,928
102,395	31,038		14,374	3,290,697	3,182,629
1,394,369	324,437			3,706,355	3,584,158
105,127	110,517			1,124,537	1,141,400
22,816	36,822		23,584	2,445,728	2,863,621
19,188,759	24,080		536,470	39,961,380	38,782,572
398,394	80,390		2,855	3,850,065	3,552,906
6,645	529,417		963,051	6,507,298	6,128,935
566,977	16,276		137,835	3,516,008	3,472,646
101,909	463,300		15,714	3,746,796	3,608,792
21,887,391	*1,616,277*		*1,693,883*	*68,148,864*	*66,317,659*
531,681	170,485		114,555	4,876,845	4,719,179
22,419,072	1,786,762		1,808,438	73,025,709	71,036,838
43,176	9,502	204,722	24,996	2,231,165	2,219,802
646,913	170,282	263,004		2,671,787	2,635,725
41,538	98,459	326,610		1,336,272	1,403,651
6,831	32,018	796,580	40,877	1,858,575	1,722,287
12,268,084	18,904	8,869,562	299,394	33,543,546	32,773,089
306,369	81,248	1,054,176	13,410	4,472,431	4,133,441
3,861	410,667	1,340,018	1,517,733	6,442,995	6,121,669
145,375	11,000	43,031	680,985	2,263,892	2,372,770
50,313	228,864	361,933	80,527	2,437,221	2,323,529
13,512,460	*1,060,944*	*13,259,636*	*2,657,922*	*57,257,884*	*55,705,963*
519,449	125,280	590,227	51,521	4,684,697	4,535,127
14,031,909	1,186,224	13,849,863	2,709,443	61,942,581	60,241,090

Vehicles

Table 10.3 presents the details of vehicles by sub-category.

Table 10.3

Vehicles by sub-category

(in thousands of dollars)

	Cost	Accumulated amortization	March 31/2014	March 31/2013
Ships and boats	14,146,775	9,374,455	4,772,320	4,906,329
Aircraft	16,933,784	9,557,460	7,376,324	6,520,914
Motor vehicles (Non-Military)	2,147,175	1,423,834	723,341	711,982
Military vehicles	1,802,552	1,274,692	527,860	599,143
Other vehicles	1,420,695	788,631	632,064	623,221
Total	36,450,981	22,419,072	14,031,909	13,361,589

Assets under Capital Leases

Table 10.4 presents the details of assets under capital leases by main category.

Table 10.4

Assets under Capital Leases by main category

(in thousands of dollars)

	Cost	Accumulated amortization	March 31/2014	March 31/2013
Land	39,058		39,058	31,242
Buildings	2,752,834	1,058,297	1,694,537	1,600,754
Works and infrastructure	818,820	137,835	680,985	689,173
Machinery and equipment	199,710	138,999	60,711	91,502
Vehicles	707,459	473,307	234,152	280,847
Total	4,517,881	1,808,438	2,709,443	2,693,518

Section 11

2013-2014

Public Accounts of Canada

Contractual Obligations and Contingent Liabilities

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Contractual Obligations and Contingent Liabilities

This section contains detailed information related to contractual obligations and contingent liabilities.

Contractual Obligations

Government activities, by their nature, result in multi-year contracts and agreements, including various international treaties and protocols. Contractual obligations are financial obligations of the Government to others that will become liabilities when the terms of those contracts or agreements for the acquisition of goods and services or the provision of transfer payments are met. In the case of contractual obligations to international organizations, some will result in future budgetary expenses while others will result in non-budgetary payments.

Contractual obligations can be classified into four main categories: transfer payment agreements (grants and contributions), capital assets and purchases, operating leases and international organizations.

All outstanding contractual obligations of $10 million or more per project or per program at year end are reported for transfer payment agreements, capital assets, purchases and operating leases. For international organizations, all contractual obligations in excess of $1 million at year end are reported.

In accordance with the Government's significant accounting policies, the contractual obligations of consolidated Crown corporations are included with those of the Government.

Table 11.1 summarizes these contractual obligations. Details of the four types of contractual obligations can be found in other tables in this section.

Table 11.1
Contractual Obligations

(in millions of dollars)

	Transfer payment agreements	Capital assets and purchases	Operating leases	International organizations	Total
Information from:					
Transfer payment agreements, capital assets, purchases and operating leases, Table 11.3	39,963	43,352	3,111		86,426
International contractual obligations, Table 11.4				4,837	4,837
Total	39,963	43,352	3,111	4,837	91,263

Table 11.2 summarizes the information presented in Table 11.1 to indicate the minimum amounts required to satisfy contractual obligations each year from 2015 to 2019 inclusively, and a total for amounts due in the year 2020 and subsequently.

Table 11.2
Schedule of Minimum Payments

(in millions of dollars)

Minimum payments to be made in:	Transfer payment agreements	Capital assets and purchases	Operating leases	International organizations	Total
2015	15,623	8,213	383	1,464	25,683
2016	8,859	4,676	371	1,106	15,012
2017	5,749	3,198	340	830	10,117
2018	4,117	3,181	296	158	7,752
2019	2,730	5,152	266	81	8,229
2020 and subsequently	2,885	18,932	1,455	1,198	24,470
Total	39,963	43,352	3,111	4,837	91,263

Transfer Payment Agreements, Capital Assets, Purchases and Operating Leases

Table 11.3 provides details of contractual obligations that involve: transfer payment agreements, capital assets, purchases and operating leases. It discloses individual contractual obligations by category and by entity. Contractual obligations are summarized in Note 16 to the consolidated financial statements in Section 2 of this volume.

Transfer payment agreements are irrevocable contracts to provide funding to other levels of governments, organizations or individuals.

Capital assets are tangible, durable items of value, including major additions or alterations thereto, including military equipment and land, from which benefits are expected to be derived during their useful life.

Purchases are supported by contracts to supply goods or services. An operating lease is a lease in which the lessor does not substantially transfer all the benefits and risks incident to ownership of property to the lessee.

Table 11.3

Transfer Payment Agreements, Capital Assets, Purchases and Operating Leases as at March 31, 2014

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2015	2016	2017	2018	2019	2020 and subsequently
Transfer payment agreements —										
Agriculture and Agri-Food —										
AgriCompetitiveness Program										
Aggregate	13	13	3	10	3	2	3	2		
AgriInnovation Program										
Aggregate	132	132	39	93	35	22	20	16		
Canadian Swine Research and Development Cluster Inc	11	11		11	3	3	3	2		
AgriMarketing Program										
Aggregate	52	52	14	38	15	11	6	6		
Canada Pork International	15	15	3	12	3	3	3	3		
Canadian International Grains Institute	15	15	3	12	3	3	3	3		
Canadian Wheat Board Transition Costs										
Contribution agreement	62	62	2	60	2	2	1	2	2	51
Grant funding agreement	250	250	199	51	29	22				
Growing Forward 2 Contribution Agreement										
Government of Alberta	223	223	36	187	46	46	47	48		
Government of British Columbia	63	63	8	55	14	14	14	13		
Government of Manitoba	100	100	16	84	21	21	21	21		
Government of New Brunswick	21	21	3	18	4	5	4	5		
Government of Newfoundland and Labrador	22	22	4	18	4	5	4	5		
Government of Nova Scotia	22	22	4	18	4	5	4	5		
Government of Ontario	241	241	37	204	50	51	52	51		
Government of Prince Edward Island	21	21	3	18	4	5	4	5		
Government of Quebec	167	167	27	140	35	35	35	35		
Government of Saskatchewan	220	220	34	186	46	47	46	47		
	1,650	*1,650*	*435*	*1,215*	*321*	*302*	*270*	*269*	*2*	*51*
Canadian Heritage —										
Canada Arts Presentation Fund										
Aggregate	37	37	10	27	16	11				
Canada Arts Training Fund										
Aggregate	43	43	11	32	22	10				
Canada Cultural Spaces Fund										
Aggregate	18	18	8	10	10					
Canada Music Fund										
Aggregate	64	64	52	12	12					
Development of Official-Languages Communities Program										
Aggregate	110	110	31	79	30	21	14	14		
Council of Ministers of Education	120	120	24	96	24	24	24	24		
Government of Alberta	71	71	14	57	14	14	14	15		
Government of British Columbia	80	80	16	64	16	16	16	16		
Government of Manitoba	61	61	12	49	12	12	12	13		
Government of New Brunswick	109	109	22	87	22	22	22	21		

Table 11.3

Transfer Payment Agreements, Capital Assets, Purchases and Operating Leases as at March 31, 2014 — *Continued*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2015	2016	2017	2018	2019	2020 and subsequently
Government of Newfoundland and Labrador	20	20	4	16	4	4	4	4		
Government of Nova Scotia	38	38	7	31	8	8	8	7		
Government of Ontario	395	395	79	316	79	79	79	79		
Government of Prince Edward Island	13	13	3	10	3	2	3	2		
Government of Saskatchewan	34	34	7	27	7	7	7	6		
Government of the Northwest Territories	13	13	3	10	3	2	3	2		
Enhancement of Official Languages Program										
Aggregate	25	25	8	17	8	5	4			
Exchanges Canada Program										
Aggregate	32	32	17	15	10	5				
YMCA of Greater Toronto	15	15	5	10	5	5				
Hosting Program										
Canada Soccer Association	15	15	5	10	5	5				
Toronto Organizing Committee for the 2015 Pan American and Parapan American Games	368	368	145	223	190	33				
Museums Assistance Program										
Aggregate	23	23	12	11	10	1				
	1,704	*1,704*	*495*	*1,209*	*510*	*286*	*210*	*203*		
Citizenship and Immigration —										
Agreements with regards to the refugee Resettlement Assistance Program										
Aggregate	48	48	13	35	20	15				
Agreements with regards to Settlement and Integration services for newcomers										
Aggregate	1,125	1,125	345	780	404	376				
Bow Valley College	16	16	5	11	5	6				
COSTI Immigrant Services	15	15	5	10	5	5				
Dixie Bloor Neighbourhood Centre	17	17	6	11	6	5				
Newcomer Centre of Peel	25	25	8	17	9	8				
Ontario Ministry of Citizenship and Immigration	16	16	6	10	5	5				
Toronto District School Board	35	35	18	17	17					
Provincial agreement on immigration matters and on the selection of foreign nationals wishing to settle in Canada										
Government of Quebec	1,920	1,920	320	1,600	320	320	320	320	320	
	3,217	*3,217*	*726*	*2,491*	*791*	*740*	*320*	*320*	*320*	
Economic Development Agency of Canada for the Regions of Quebec —										
Community Futures Program										
15 Community business development corporations	85	85	28	57	28	29				
Economic Development of Quebec Program										
Institut national d'optique	27	27	9	18	9	9				
Montréal International	29	29	4	25	4	5	4	2	2	8
Small and medium-sized enterprises (SME), SME groups and associations and non-profit organizations	321	321	185	136	103	25	6	1	1	
	462	*462*	*226*	*236*	*144*	*68*	*10*	*3*	*3*	*8*
Employment and Social Development —										
Aboriginal Skills and Employment Training Strategy										
Aggregate	880	880	680	200	200					
Aboriginal Labour Force Development Circle	43	43	33	10	10					
Community Futures Treaty Seven	44	44	33	11	11					
First Nations of Quebec and Labrador Health and Social Services Commissions	99	99	76	23	23					
First Peoples Development Inc	88	88	68	20	20					

Table 11.3
Transfer Payment Agreements, Capital Assets, Purchases and Operating Leases as at March 31, 2014 — *Continued*

(in millions of dollars)

					Outstanding obligations to be disbursed by March 31					
	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	2015	2016	2017	2018	2019	2020 and subsequently
Gabriel Dumont Training and Employment Inc	48	48	37	11	11					
Kativik Regional Government	24	24	12	12	12					
Manitoba Keewatinowi Okimakanak Inc	76	76	59	17	17					
Manitoba Metis Federation Inc	56	56	44	12	12					
Rupertsland Institute	63	63	49	14	14					
Saskatchewan Indian Training Assessment Group Inc	153	153	117	36	36					
Adult Learning, Literacy and Essential Skills Program										
Aggregate	51	51	29	22	14	7	1			
Canada Job Fund										
Government of Alberta	342	342		342	57	57	57	57	57	57
Government of British Columbia	390	390		390	65	65	65	65	65	65
Government of Manitoba	108	108		108	18	18	18	18	18	18
Government of Nova Scotia	80	80		80	13	14	13	13	14	13
Government of Ontario	1,152	1,152		1,152	192	192	192	192	192	192
Government of Prince Edward Island	12	12		12	2	2	2	2	2	2
Government of Quebec	694	694		694	116	116	115	116	116	115
Homelessness Partnering Strategy										
Aggregate	131	131		131	38	24	23	23	23	
Affordable Housing Association of Nova Scotia	10	10		10	2	2	2	2	2	
Calgary Homeless Foundation	32	32		32	6	7	6	7	6	
City of Hamilton	21	21		21	4	4	5	4	4	
City of Ottawa	28	28		28	6	5	6	5	6	
City of Toronto	86	86		86	17	17	18	17	17	
City of Winnipeg	29	29		29	6	6	5	6	6	
Greater Vancouver regional district	41	41		41	8	8	9	8	8	
Homeward Trust Foundation	32	32		32	6	7	6	7	6	
Lu'ma Native BCH Housing Society	11	11		11	2	2	2	2	3	
Labour Market Development Agreements										
Aggregate	24	24	12	12	12					
Government of Alberta	237	237	118	119	119					
Government of British Columbia	602	602	301	301	301					
Government of Manitoba	99	99	50	49	49					
Government of New Brunswick	198	198	99	99	99					
Government of Newfoundland and Labrador	275	275	138	137	137					
Government of Nova Scotia	178	178	89	89	89					
Government of Ontario	1,250	1,250	623	627	627					
Government of Prince Edward Island	57	57	29	28	28					
Government of Quebec	1,278	1,278	640	638	638					
Government of Saskatchewan	84	84	42	42	42					
Labour Market Agreements for persons with disabilities										
Government of British Columbia	123	123		123	31	31	31	30		
Government of Manitoba	36	36		36	36					
Government of New Brunswick	24	24		24	6	6	6	6		
Government of Ontario	306	306		306	76	77	76	77		
Opportunities Fund for Persons with Disabilities										
Aggregate	51	51	18	33	31	2				
Sectoral Initiatives Program										
Aggregate	57	57	9	48	20	19	9			
Skills and Partnership Funds										
Aggregate	148	148	102	46	46					
Social Development Partnerships Program										
Aggregate	37	37	16	21	13	6	1	1		
Targeted Initiative for Older Workers										
Aggregate	73	73	52	21	7	7	7			
Government of Ontario	76	76	51	25	8	9	8			

Table 11.3

Transfer Payment Agreements, Capital Assets, Purchases and Operating Leases as at March 31, 2014 — *Continued*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2015	2016	2017	2018	2019	2020 and subsequently
Youth Employment Strategy										
Aggregate	149	149	48	101	99	1	1			
	10,186	*10,186*	*3,674*	*6,512*	*3,452*	*711*	*684*	*658*	*545*	*462*
Environment —										
Sustainable Development Technology Canada										
Grant	*353*	*353*	*308*	*45*	*38*	*3*	*3*	*1*		
Foreign Affairs, Trade and Development —										
Canadian engagement for development										
Aggregate	425	425	343	82	57	19	4	2		
Aga Khan Foundation Canada	75	75	23	52	18	20	10	4		
Canada World Youth	56	56	46	10	10					
Canadian Organizations	363	363	188	175	83	46	28	16	2	
International Development Research Centre	100	100	40	60	22	15	10	13		
TFO Canada	10	10		10	3	2	2	2	1	
University of British Columbia Industry Liaison Office	25	25	2	23	6	6	7	2	2	
Fragile states and crisis-affected communities										
Aggregate	52	52	34	18	9	8	1			
Aga Khan Foundation Canada	56	56	38	18	18					
Canadian Organizations	106	106	64	42	27	11	2	2		
Canadian Red Cross Society	80	80	7	73	20	17	16	13	7	
Consortium DID-FADQDI	19	19	9	10	4	4	2			
Consortium FCM, UMQ and the City of Montréal	19	19	3	16	3	4	5	4		
Développement international Desjardins	20	20		20	5	5	4	3	3	
Global engagement and strategic policy										
Aggregate	30	30	15	15	8	4	2	1		
Canadian Foodgrains Bank	125	125	75	50	25	25				
International Development Research Centre	12	12	2	10	2	3	2	3		
Micronutrient Initiative	225	225	90	135	45	30	30	30		
Toronto Centre	20	20	4	16	4	4	4	4		
Low income countries										
Aggregate	160	160	122	38	15	10	11	2		
Aga Khan Foundation Canada	52	52	36	16	7	6	3			
Agriteam Canada	32	32	12	20	4	4	5	5	2	
Association of Canadian Community Colleges	31	31	1	30	5	7	7	7	3	1
Canadian Bar Association	14	14	2	12	2	3	2	3	2	
Canadian Organizations	161	161	92	69	33	16	18	2		
CARE Canada	27	27	14	13	5	3	2	3		
CHF - Canadian Hunger Foundation	18	18	4	14	3	3	3	5		
Cowater International / CRC Sogema Inc.	10	10		10	2	3	3	2		
Cowater International Inc.	40	40	26	14	8	5	1			
CRC Sogema Inc.	46	46	4	42	9	15	15	3		
Cuso International	15	15	3	12	3	3	3	2	1	
Dalhousie University International Research and Development	18	18	1	17	4	4	4	5		
Mennonite Economic Development Associates of Canada	18	18	4	14	5	3	3	3		
Plan International Canada	32	32	11	21	7	8	6			
Middle income countries										
Aggregate	168	168	118	50	25	14	10	1		
Agriteam Canada	68	68	28	40	12	12	7	6	2	1
Association of Canadian Community Colleges	38	38	16	22	9	8	4		1	
Canada School of Public Service	19	19	5	14	5	4	5			

Table 11.3
Transfer Payment Agreements, Capital Assets, Purchases and Operating Leases as at March 31, 2014 — *Continued*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2015	2016	2017	2018	2019	2020 and subsequently
Canadian Cooperation Society for International Development	43	43	11	32	8	9	8	5	2	
Canadian Co-operative Association	15	15	1	14	4	4	4	2		
Canadian Organizations	162	162	85	77	34	19	14	9	1	
CHF - Canadian Hunger Foundation	19	19	5	14	5	5	4			
Consortium DID-FADQDI	15	15	4	11	3	4	2	2		
Consortium Save the Children & Norwegian Refugee Council	18	18	4	14	3	5	3	3		
Consortium SOCODEVI / CECI	43	43	12	31	8	8	7	6	2	
Cowater International Inc.	40	40	27	13	6	6	1			
Federation of Canadian Municipalities	19	19	6	13	4	3	3	3		
	3,159	*3,159*	*1,637*	*1,522*	*607*	*417*	*287*	*178*	*31*	*2*
Health —										
Department —										
Brain Canada Foundation	87	87	27	60	20	20	20			
Canadian Agency for Drugs and Technologies in Health	81	81	17	64	16	16	16	16		
Canadian Blood Services	25	25	5	20	5	5	5	5		
Canadian Institute for Health Information	239	239	161	78	78					
Canadian Partnership Against Cancer	241	241	99	142	47	48	47			
Canadian Patient Safety Institute	38	38	8	30	8	7	8	7		
Community Health and Social Services Network	19	19	1	18	5	4	5	4		
Drug Strategy Community Initiative Fund	25	25	4	21	7	7	5	2		
First Nations and Inuit										
Health Infrastructure Support										
Aggregate	517	517	343	174	98	41	22	12	1	
First Nations Health Authority	4,298	4,298	228	4,070	398	420	444	468	468	1,872
First Nations Governance Centre	16	16	4	12	4	3	3	2		
Primary Health Care										
Aggregate	1,514	1,514	947	567	341	138	58	29	1	
Government of the Northwest Territories (1 of 2)	25	25	5	20	5	5	5	5		
Government of the Northwest Territories (2 of 2)	43	43	9	34	8	9	8	9		
Weeneebayko Area Health Authority	60	60	42	18	12	6				
Supplementary Health Benefits										
Aggregate	288	288	198	90	75	15				
Government of Nunavut	93	93	32	61	31	30				
Primary Health Care and Health Infrastructure Support										
Government of Nunavut	94	94	39	55	19	18	18			
Mohawks of Akwesasne	54	54	14	40	7	5	5	5	4	14
Nunee Health Board Society	18	18	4	14	4	3	4	3		
Primary Health Care, Health Infrastructure Support and Supplementary Health Benefits										
Bande des Innus de Pessamit	14	14	3	11	5	4	1	1		
Berens River First Nation	16	16	4	12	4	3	3	2		
Bigstone Health Commission	167	167	18	149	17	16	17	16	17	66
Blood Tribe Department of Health Inc.	107	107	47	60	11	11	9	10	9	10
Conseil des Atikamekw de Manawan	22	22	7	15	6	6	2	1		
Conseil des Atikamekw de Wemotaci	15	15	4	11	4	3	2	2		
Conseil des Montagnais de Unamen Shipu	18	18	6	12	5	5	1	1		
Cross Lake Band of Indians	20	20	9	11	5	3	2	1		
Dilico Anishinabek Family Care	19	19	8	11	4	3	4			
First Nations Health Authority	35	35	12	23	13	6	3	1		
Kahnawake Shakotiia'takehnhas Community Services	62	62	16	46	8	6	6	5	5	16
Lac La Ronge Indian Band	43	43	21	22	10	6	6			
Meadow Lake Tribal Council	75	75	33	42	15	13	14			

Table 11.3

Transfer Payment Agreements, Capital Assets, Purchases and Operating Leases as at March 31, 2014 — *Continued*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2015	2016	2017	2018	2019	2020 and subse-quently
Montreal Lake Cree Nation	16	16	4	12	3	3	3	3		
Norway House Cree Nation	25	25	8	17	7	4	3	3		
PADC Management Company Ltd	38	38	11	27	9	8	5	5		
Siksika Health Services	42	42	20	22	6	6	5	5		
Stoney Tribes	16	16	4	12	3	3	3	3		
Health Care Policy Contribution Program	80	80	50	30	18	11	1			
Mental Health Commission of Canada	122	122	79	43	14	14	15			
Official Languages Health Contribution Program	40	40		40	10	10	10	10		
Société Santé en français	23	23		23	6	6	6	5		
Université de Moncton	10	10		10	3	2	3	2		
University of Ottawa	20	20		20	5	5	5	5		
Public Health Agency of Canada —										
Canadian AIDS Treatment Information Exchange										
Federal Initiative to Address HIV / AIDS in Canada	19	19	7	12	4	4	4			
Hepatitis C										
Aggregate	102	102	85	17	17					
Government of British Columbia	66	66	55	11	11					
Government of Ontario	133	133	111	22	22					
Innovation Strategy										
Aggregate	31	31	15	16	9	4	3			
Pan-American Health Organization										
Contribution	26	26	13	13	13					
	9,197	*9,197*	*2,837*	*6,360*	*1,455*	*965*	*809*	*648*	*505*	*1,978*
Indian Affairs and Northern Development —										
Aboriginal Recipient Funding (First Nations and Tribal Councils)										
Agency Chiefs Tribal Council	36	36	25	11	5	6				
Ahousaht Indian Band	47	47	33	14	7	7				
Ahtahkakoop Band	52	52	37	15	7	8				
Alexander Band	38	38		38	8	7	8	7	8	
Alexis Nakota Sioux Nation	46	46	29	17	8	9				
Atikamekw de Manawan	82	82	24	58	15	14	15	14		
Atikamekw Sipi - Conseil de la Nation Atikamekw	41	41	29	12	6	6				
Attawapiskat First Nation	40	40	30	10	10					
Bande des Innus de Pessamit	131	131	31	100	25	25	25	25		
Bande des Montagnais de Natashquan	14	14		14	5	4	5			
Batchewana First Nation	40	40	24	16	8	8				
Battlefords Agency Tribal Chiefs Inc	49	49	29	20	10	10				
Beardy's & Okemasis Band	29	29		29	10	9	10			
Beausoleil First Nation	34	34	22	12	6	6				
Beaver Lake Cree Nation	13	13		13	3	3	3	4		
Big Island Lake Cree Nation	29	29		29	7	7	7	8		
Big River Band	53	53	33	20	10	10				
Bigstone Cree Nation	60	60	42	18	18					
Black Lake Band	38	38		38	10	9	10	9		
Blood Band	390	390	243	147	73	74				
Bloodvein Band	19	19	5	14	5	4	5			
Brokenhead Ojibway Nation	18	18		18	4	3	4	3	4	
Bunibonibee Cree Nation	58	58	22	36	18	18				
Canim Lake Indian Band	14	14	3	11	3	3	3	2		
Carry The Kettle Band	40	40	28	12	6	6				
Chemawawin Cree Nation	32	32	22	10	10					
Chippewas of Kettle & Stony Point	31	31	21	10	5	5				
Clearwater River Dene Band	42	42	9	33	8	8	8	9		
Coldwater Indian Band	16	16		16	3	3	4	3	3	
Confederacy of Mainland Mi'kmaq	18	18	4	14	3	4	3	4		
Conseil de la Première Nation Abitibiwinni	22	22		22	4	5	4	5	4	
Conseil des Atikamekw de Wemotaci	50	50	15	35	9	9	9	8		
Conseil des Atikamekw d'Opitciwan	102	102		102	20	21	20	21	20	

Table 11.3

Transfer Payment Agreements, Capital Assets, Purchases and Operating Leases as at March 31, 2014 — *Continued*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2015	2016	2017	2018	2019	2020 and subsequently
Conseil des Montagnais du Lac St-Jean	136	136	91	45	23	22				
Constance Lake First Nation	18	18		18	4	3	4	3	4	
Cote First Nation 366	16	16		16	5	6	5			
Couchiching First Nation	37	37	24	13	7	6				
Cowessess Band	46	46	31	15	7	8				
Cowichan Tribes	98	98		98	20	19	20	19	20	
Cross Lake First Nation	165	165		165	33	33	33	33	33	
Cumberland House Cree Nation Band	27	27		27	5	6	5	6	5	
Deer Lake First Nation	33	33	22	11	5	6				
Dene Tha' Band	35	35		35	17	18				
Driftpile First Nation	41	41	9	32	8	8	8	8		
Eabametoong First Nation	39	39		39	8	8	8	8	7	
Ebb and Flow Band	20	20		20	10	10				
Elsipogtog First Nation	23	23		23	23					
Ermineskin Tribe	63	63	44	19	19					
Esgenoopetitj First Nation	11	11		11	11					
Eskasoni Band Council	85	85	18	67	17	17	17	16		
Esk'etemc	15	15		15	3	3	3	3	3	
Fisher River Band	83	83	52	31	15	16				
Fishing Lake First Nation Band	14	14		14	3	4	3	4		
Fond du Lac Band	27	27		27	7	7	7	6		
Fort Alexander Band	42	42	23	19	19					
Fort William First Nation	17	17		17	6	5	6			
Frog Lake Band	44	44		44	9	9	9	9	8	
Garden Hill First Nation	25	25		25	25					
Garden River First Nation	45	45	27	18	9	9				
George Gordon First Nation	31	31	19	12	6	6				
Gitksan Local Services Society	82	82	63	19	19					
Gitxaala Nation	11	11		11	4	4	3			
God's Lake First Nation	40	40	18	22	11	11				
Grassy Narrows First Nation	21	21		21	4	4	4	4	5	
Gwa'sala-nakwaxda'xw Indian Band	17	17		17	3	4	3	4	3	
Haisla Nation	50	50	5	45	5	5	5	5	5	20
Hatchet Lake Band	39	39		39	10	10	10	9		
Heiltsuk Indian Band	67	67	44	23	12	11				
Innu Takuaikan Uashat Mak Mani-utenam	159	159	105	54	27	27				
Kahkewistahaw Band	34	34	21	13	6	7				
Kasabonika Lake First Nation	41	41	28	13	6	7				
Kashechewan First Nation	39	39	18	21	11	10				
Kawacatoose Band	37	37	24	13	6	7				
Kee Tas Kee Now Tribal Council	205	205	89	116	23	23	24	23	23	
Keeseekoowenin Band	12	12		12	4	4	4			
Keewaytinook Okimakanak / Northern Chiefs Council	46	46	32	14	7	7				
Kinistin Saulteaux Nation	12	12		12	3	3	3	3		
Kitchenuhmaykoosib Inninuwug	21	21		21	7	7	7			
Kitigan Zibi Anishinabeg	65	65	41	24	12	12				
Kwadacha Indian Band	26	26		26	5	5	5	5	6	
La Nation Anishinabe du Lac Simon	55	55	15	40	10	10	10	10		
Lac La Ronge Band	232	232	141	91	45	46				
Lac Seul First Nation	36	36	10	26	6	7	6	7		
Lake Babine Nation	48	48		48	10	9	10	9	10	
Lax Kw'alaams Indian Band	58	58	38	20	10	10				
Lennox Island Band	19	19	4	15	4	4	4	3		
Listuguj Mi'gmaq Government	35	35		35	12	12	11			
Little Pine Band	22	22		22	5	6	5	6		
Little Red River Cree Nation	34	34		34	34					
Little Shuswap Lake Indian Band	18	18	8	10	5	5				
Long Plain Band	61	61	38	23	11	12				
Louis Bull Band	50	50	34	16	8	8				
Lower Nicola Indian Band	14	14		14	5	5	4			
Lytton Indian Band	32	32	19	13	6	7				
Manto Sipi Cree Nation	20	20	7	13	6	7				
Mathias Colomb Band	47	47		47	16	15	16			
Membertou Band Council	45	45	9	36	9	9	9	9		
Mikisew Cree First Nation Band	39	39	23	16	8	8				
Millbrook Band Council	39	39	9	30	8	7	8	7		
Ministikwan Lake Cree Nation	18	18		18	4	5	4	5		

Table 11.3

Transfer Payment Agreements, Capital Assets, Purchases and Operating Leases as at March 31, 2014 — *Continued*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2015	2016	2017	2018	2019	2020 and subsequently
Mississaugas of the New Credit First Nation	28	28	6	22	5	6	5	6		
Mistawasis Band	35	35	23	12	6	6				
Mltc Program Services Inc	94	94	62	32	16	16				
Mohawks Council of Akwesasne	137	137	105	32	32					
Mohawks of Kahnawa:ke Band	199	199	122	77	39	38				
Mohawks of the Bay of Quinte	45	45	28	17	9	8				
Montreal Lake Band	36	36	13	23	12	11				
Moose Cree First Nation	60	60	39	21	11	10				
Moosomin Band	16	16		16	4	4	4	4		
Mosquito-Grizzly Bear's Head Band	18	18		18	5	4	5	4		
Mount Currie Indian Band	38	38		38	8	7	8	7	8	
Muscowpetung Band	12	12		12	3	3	3	3		
Muskeg Lake Cree Nation #102	30	30	19	11	5	6				
Muskoday First Nation Band	30	30	18	12	6	6				
Muskowekwan Band	31	31	20	11	6	5				
Muskrat Dam Lake First Nation	11	11		11	2	2	2	2	3	
Nak'azdli Indian Band	41	41	28	13	6	7				
Naotkamegwanning	28	28		28	6	5	6	5	6	
Naskapi Nation of Kawawachikamach	43	43	22	21	11	10				
Nation Huronne Wendat	112	112	16	96	11	11	10	11	11	42
Neskonlith Indian Band	11	11		11	2	2	2	2	3	
Nibinamik First Nation	11	11		11	4	3	4			
Nipissing First Nation	40	40		40	8	8	8	8	8	
Nisichawayasihk Cree Nation	111	111	69	42	21	21				
North Peace Tribal Council	41	41	11	30	8	7	8	7		
Northlands Band	27	27	9	18	9	9				
Norway House Cree Nation	97	97	49	48	48					
Nuu-chah-nulth Tribal Council	125	125	31	94	24	23	24	23		
Nuxalk Nation Band	46	46	36	10	10					
Odanak	42	42	14	28	4	4	4	4	4	8
Okanagan Indian Band	26	26		26	5	5	6	5	5	
Old Massett Village Council Band	26	26		26	5	5	6	5	5	
One Arrow First Nation	34	34	21	13	6	7				
Oneida Nation of the Thames	46	46		46	9	9	10	9	9	
Onion Lake Cree Nation	116	116	79	37	18	19				
Opaskwayak Cree Nation	132	132	84	48	24	24				
O-pipon-Na-piwin Cree Nation	14	14		14	5	5	4			
Pade Management Company Ltd	70	70		70	18	17	18	17		
Paul Band	11	11		11	5	6				
Peguis Band	154	154		154	31	31	31	31	30	
Pelican Lake Band	36	36		36	7	7	8	7	7	
Penticton Indian Band	35	35	24	11	5	6				
Peter Ballantyne Cree Nation	38	38		38	38					
Pikangikum First Nation	36	36		36	12	12	12			
Pinaymootang First Nation	22	22		22	7	7	8			
Pine Creek Band	14	14		14	7	7				
Potlotek First Nation	15	15	3	12	3	3	3	3		
Poundmaker Band	23	23		23	6	6	6	5		
Pwi-di-goo-zing Ne-yaa-zhing Advisory Services	16	16		16	3	3	3	3	4	
Rainy River First Nation	14	14	3	11	3	3	3	2		
Red Earth Band	34	34		34	8	9	8	9		
Red Sucker Lake Band	24	24		24	8	8	8			
Regroupement Mamit Innuat Inc	47	47	32	15	8	7				
Saddle Lake Band	167	167	37	130	33	32	33	32		
Sagamok Anishnawbek First Nation	37	37	8	29	7	7	7	8		
Saint Mary's Band Council	53	53	32	21	11	10				
Samson Band	23	23		23	23					
Sandy Bay Band	40	40	22	18	18					
Sandy Lake First Nation	41	41		41	14	14	13			
Sapotaweyak Cree Nation	22	22		22	7	7	8			
Saulteaux Band	13	13		13	3	3	3	4		
Seabird Island Indian Band	44	44	29	15	8	7				
Seine River First Nation	13	13		13	3	2	3	2	3	
Seton Lake Indian Band	11	11		11	2	2	2	2	3	
Shamattawa First Nation	45	45	24	21	10	11				
Shoal Lake # 40 First Nation	12	12		12	2	3	2	3	2	

Table 11.3

Transfer Payment Agreements, Capital Assets, Purchases and Operating Leases as at March 31, 2014 — *Continued*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2015	2016	2017	2018	2019	2020 and subsequently
Shoal Lake Cree Nation	17	17		17	4	4	4	5		
Shubenacadie Band Council	15	15		15	7	8				
Siksika Nation Band	158	158	123	35	35					
Sioux Valley Dakota Nation	24	24	14	10	10					
Six Nations of the Grand River	112	112	80	32	16	16				
Skidegate Indian Band	34	34	21	13	6	7				
Snuneymuxw First Nation	32	32	20	12	6	6				
Southeast Resource Development Council Corp	31	31		31	10	10	11			
Splatsin	19	19		19	4	4	3	4	4	
St Theresa Point Band	79	79	29	50	25	25				
Standing Buffalo Band	27	27	11	16	5	5	6			
Stoney Band	18	18		18	18					
Sts'ailes Band	22	22		22	4	5	4	5	4	
Stz'uminus First Nation	44	44	31	13	7	6				
Sucker Creek Band	35	35	7	28	7	7	7	7		
Swan Lake Band	23	23	5	18	5	4	5	4		
Swan River First Nation Band	20	20	4	16	4	4	4	4		
Sweetgrass Band	12	12		12	3	3	3	3		
Takla Lake First Nation	11	11		11	2	2	2	2	3	
Tataskweyak Cree Nation	31	31		31	16	15				
Tl'etinqox-t'in Government Office	16	16		16	3	3	4	3	3	
Tribal Chiefs Ventures Incorporated	42	42		42	8	9	8	9	8	
Tsuu T'ina Nation Band	66	66	43	23	12	11				
Upper Nicola Indian Band	14	14		14	3	3	2	3	3	
Wabaseemoong Independent Nation	26	26		26	5	5	5	5	6	
Walpole Island First Nation	10	10		10	10					
Wasagamack First Nation	14	14		14	14					
Waycobah First Nation	23	23	5	18	5	4	5	4		
Waywayseecappo First Nation Treaty Four - 1874	28	28		28	14	14				
Western Cree Tribal Council	99	99	21	78	19	20	19	20		
White Bear Band	29	29	19	10	5	5				
Whitesand First Nation	15	15		15	3	3	3	3	3	
Wikwemikong Unceded Indian Reserve	85	85	20	65	16	16	16	17		
Witchekan Lake Band	12	12		12	3	3	3	3		
Yellow Quill Band	31	31	19	12	6	6				
Yellowhead Tribal Development Foundation	21	21		21	4	4	5	4	4	
Aboriginal Recipient Funding (Other)										
Arctic Co-Operatives Ltd	30	30		30	10	10	10			
Assembly of First Nations	36	36	21	15	5	5	5			
Awasis Agency of Northern Manitoba	18	18		18	18					
Centre Jeunesse de l'Abitibi-Témiscamingue	64	64	50	14	14					
First Nations Education Council	94	94	74	20	10	10				
Cree Nation Child and Family Caring Agency	11	11		11	11					
First Nations Financial Management Board	27	27	9	18	6	6	6			
First Nations Tax Commission	33	33	15	18	6	6	6			
Frontier School Division #48	46	46	31	15	15					
Island Lake First Nations Family Services	11	11		11	11					
Kasohkowew Child And Wellness Society - 2012	21	21		21	21					
Lac La Ronge Indian Band Child and Family Services Agency Inc	26	26		26	7	6	7	6		
Makivik Corporation	77	77	57	20	20					
Manitoba First Nations Education Resource Centre Inc	14	14		14	3	3	3	3	2	
Mi'kmaw Family & Children's Services of Nova Scotia	15	15		15	15					
Montreal Lake Child and Family Agency Inc	14	14		14	4	3	4	3		
Northern Nishnawbe Education Council	89	89		89	18	18	18	18	17	
Nunavut Wildlife Management Board	44	44	27	17	8	9				
Peter Ballantyne Child & Family Services Inc	49	49		49	12	12	12	13		

Table 11.3

Transfer Payment Agreements, Capital Assets, Purchases and Operating Leases as at March 31, 2014 — *Continued*

(in millions of dollars)

					Outstanding obligations to be disbursed by March 31					
	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	2015	2016	2017	2018	2019	2020 and subsequently
Southeast Child and Family Services	24	24		24	24					
Stoney Nakoda Child and Family Services Society	10	10		10	10					
The North West Company	88	88	64	24	24					
Aboriginal Recipient Funding (Project)										
Shawano Consulting Services Ltd	21	21	9	12	6	6				
Funding Agreements for Provincial Governments and Territories										
Government of Northwest Territories	20	20	8	12	4	4	4			
Government of Yukon	56	56	27	29	10	9	10			
Manitoba Infrastructure and Transportation	30	30	6	24	6	6	6	6		
Ministre des Finances - Quebec	708	708	283	425	141	144	140			
Province of British Columbia	261	261	189	72	36	36				
Grant										
Cree Regional Authority	627	627	101	526	105	105	105	105	106	
Metepenagiag Mi'kmaq Nation	28	28		28	28					
Miawpukek Band	104	104	10	94	10	11	10	11	10	42
Mi'kmaw Kina'matnewey	302	302	122	180	45	45	45	45		
Nunatsiavut Government	288	288	75	213	43	42	43	42	43	
Indian Self-Government										
Champagne & Aishihik First Nations	48	48	38	10	10					
Huu-ay-aht First Nations	43	43	19	24	3	3	3	4	4	7
Ka:'yu:'k't'h/che:k:tles7et'h' First Nation	50	50	19	31	4	4	4	4	5	10
Kluane First Nation	47	47	15	32	5	6	5	5	6	5
Kwanlin Dun First Nation	125	125	40	85	14	14	14	14	14	15
Nisga'a Nation	493	493	292	201	61	69	71			
Sechelt Indian Band	56	56	13	43	7	7	7	7	7	8
Ta'an Kwach'an Council	44	44	14	30	5	5	5	5	5	5
Uchucklesaht Indian Band	20	20	8	12	1	2	1	2	2	4
Ucluelet First Nation	51	51	21	30	4	4	4	4	5	9
Project										
First Nations Land Management Resource Centre Inc	18	18		18	7	7	4			
Aggregate of various transfer payment agreements under $10 million										
Aggregate	5,414	5,414	3,187	2,227	1,371	570	147	80	46	13
	18,995	*18,995*	*8,417*	*10,578*	*4,325*	*2,870*	*1,542*	*1,061*	*592*	*188*
Industry —										
Department —										
Automotive Innovation Fund										
Ford Motor Company of Canada Limited	72	72	11	61	41	18	1	1		
Linamar Corporation	47	47	36	11	11					
Broadband Canada: Connecting Rural Canadians Program										
Barrett Xplore Inc	34	34	19	15	5	10				
Northern Ontario Development Program										
Aggregate	74	74	35	39	20	13	6			
Strategic Aerospace and Defence Initiative										
Aggregate	49	49	23	26	12	7	4	2	1	
CAE Inc	250	250	2	248	49	51	54	51	43	
Héroux-Devtek Inc	49	49	15	34	8	9	17			
Magellan Aerospace Limited	43	43	23	20	4	6	5	5		
Norsat International Inc	13	13	3	10	2	3	3	2		
Pratt & Whitney Canada Corporation	300	300	275	25	25					
Ultra Electronics TCS Inc	33	33	20	13	6	5	2			
Canadian Institute for Advanced Research										
Linking Canadian researchers to the world	25	25	10	15	5	5	5			

Table 11.3
Transfer Payment Agreements, Capital Assets, Purchases and Operating Leases as at March 31, 2014 — *Continued*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2015	2016	2017	2018	2019	2020 and subsequently
Canarie Inc										
Operation of ultra-high speed research and education network	62	62	36	26	26					
Genome Canada										
Research competition in human health	60	60	25	35	23	7	5			
Mitacs Inc										
Delivery of industrial research and development interships	55	55	18	37	14	14	9			
Perimeter Institute for Theoretical Physics										
Research, training and education in theoretical physics	50	50	20	30	10	10	10			
Federal Economic Development Agency for Southern Ontario —										
Contributions under the Southern Ontario Prosperity Initiative										
Aggregate	42	42	27	15	12	3				
Your Quick Gateway (Windsor) Incorporated	13	13	1	12	10	2				
The Corporation of the City of Brantford										
Brownsfield redevelopment project	12	12	2	10			10			
National Research Council of Canada —										
Industrial Research Assistance Program										
Aggregate	84	84		84	76	8				
Triumf										
Joint venture by a consortium of universities to manage the TRIUMF Facility in British Columbia	203	203	158	45	45					
	1,570	*1,570*	*759*	*811*	*404*	*171*	*131*	*61*	*44*	
Justice —										
Aboriginal Courtwork Program										
Aggregate	24	24	5	19	5	5	5	4		
Access to Justice Services to the Territories										
Aggregate	24	24	10	14	5	5	4			
Care and services provided to young persons dealt with under the Young Offenders Act										
Aggregate	31	31	6	25	6	6	6	7		
Government of Alberta	68	68	14	54	13	14	13	14		
Government of British Columbia	88	88	17	71	18	17	18	18		
Government of Manitoba	26	26	5	21	5	5	5	6		
Government of New Brunswick	19	19	4	15	4	4	4	3		
Government of Newfoundland and Labrador	20	20	4	16	4	4	4	4		
Government of Nova Scotia	25	25	5	20	5	5	5	5		
Government of Ontario	255	255	51	204	51	51	51	51		
Government of Quebec	146	146	29	117	29	29	29	30		
Government of Saskatchewan	30	30	6	24	6	6	6	6		
Other programs provided to young persons dealt with under the Young Offenders Act										
Intensive Rehabilitative Custody and Supervision Program	55	55	11	44	11	11	11	11		
Contribution to support the implementation of official languages requirements under the Contraventions Act										
Aggregate	20	20	5	15	4	4	4	3		
Criminal Legal Aid services and systems										
Aggregate	25	25	10	15	5	5	5			
Government of Alberta	52	52	21	31	10	11	10			
Government of British Columbia	68	68	27	41	14	13	14			
Government of Manitoba	24	24	10	14	5	4	5			
Government of Nova Scotia	18	18	7	11	4	3	4			
Government of Ontario	217	217	87	130	43	44	43			

Table 11.3

Transfer Payment Agreements, Capital Assets, Purchases and Operating Leases as at March 31, 2014 — *Continued*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2015	2016	2017	2018	2019	2020 and subsequently
Government of Quebec	117	117	47	70	23	24	23			
Government of Saskatchewan	21	21	8	13	4	4	5			
Immigration and Refugee Legal Aid Component	59	59	23	36	12	12	12			
Victims of Crime Initiative										
Aggregate	26	26	15	11	7	4				
	1,458	*1,458*	*427*	*1,031*	*293*	*290*	*286*	*162*		
Natural Resources —										
ecoENERGY for Biofuels — Support the production of renewable alternatives to gasoline and diesel										
Aggregate	560	560	490	70	60	6	4			
Greenfield Johnstown Limited Partnership	105	105	87	18	13	5				
IGPC Ethanol Inc	73	73	61	12	9	3				
Kawartha Ethanol Inc	27	27	13	14	6	5	3			
Suncor Energy Products Inc	144	144	124	20	20					
ecoENERGY for Renewable Power Program — Increase renewable power										
Aggregate	321	321	143	178	32	32	32	28	23	31
Ashlu Creek Investments Limited Partnership	26	26	10	16	3	2	3	2	3	3
Bear Mountain Wind Limited Partnership	21	21	7	14	2	2	2	2	2	4
Brilliant Expansion Power Corporation	47	47	26	21	5	4	5	7		
Brookfield Power Wind Prince LP	53	53	32	21	5	5	11			
Canadian Hydro Developers Inc	29	29	15	14	3	3	3	3	2	
Canadian Renewable Energy Corporation	49	49	23	26	5	5	5	5	5	1
Caribou Wind Park Limited Partnership	29	29	10	19	3	3	3	3	3	4
Cartier Énergie Éolienne Inc (AAV)	31	31	19	12	3	3	3	3		
Cartier Énergie Éolienne Inc (BDS)	31	31	20	11	3	3	5			
Cartier Énergie Éolienne Inc (CAR)	34	34	18	16	3	4	3	4	2	
Castle Rock Ridge Limited Partnership	23	23	4	19	2	3	2	3	2	7
Dokie General Partnership	33	33	10	23	3	3	4	3	3	7
Enbridge Ontario Wind Power LP	48	48	24	24	5	5	5	5	4	
Ghost Pine Windfarm LP	21	21	7	14	2	2	2	2	2	4
Glen Dhu Wind Energy Ltd.	19	19	5	14	2	2	2	2	2	4
Harrison Hydro Limited Partnership (1 of 2)	35	35	15	20	3	4	3	4	3	3
Harrison Hydro Limited Partnership (2 of 2)	25	25	9	16	3	2	3	2	3	3
Kruger Energy Chatham LP	31	31	10	21	3	3	3	3	3	6
Kruger Energy Port Alma LP	31	31	17	14	3	3	3	3	2	
Mont Louis Wind LP	31	31	6	25	3	3	3	3	3	10
Nova Scotia Power Inc	15	15	5	10	1	2	1	2	1	3
Raleigh Wind Power Partnership	24	24	8	16	2	3	2	3	2	4
Saint-Ulric Saint-Léandre Wind LP	32	32	14	18	3	3	4	3	3	2
St Joseph WindFarm Inc	42	42	13	29	4	4	5	4	4	8
Talbot Windfarm LP	30	30	9	21	3	3	3	3	3	6
Toba Montrose General Partnership	73	73	21	52	7	7	8	7	7	16
TransAlta Corporation (1 of 5)	22	22	12	10	2	2	2	2	2	
TransAlta Corporation (2 of 5)	20	20	8	12	2	2	2	2	2	2
TransAlta Corporation (3 of 5)	18	18	6	12	2	2	2	2	2	2
TransAlta Corporation (4 of 5)	21	21	6	15	2	2	2	2	3	4
TransAlta Corporation (5 of 5)	14	14	4	10	1	2	1	2	1	3
West Cape Wind Energy LP	24	24	11	13	2	3	2	3	2	1
Weyerhaeuser Company Limited	33	33	10	23	3	3	4	3	3	7
ecoENERGY Innovation Initiative										
Aggregate	86	86	38	48	34	14				
Gunnar and Lorado agreement										
Government of Saskatchewan	12	12	1	11	3	2	2	1		3
Investing in Canada's Forest Sector										
Expanding market opportunities	10	10		10	10					
FPInnovations	22	22		22	22					

Table 11.3

Transfer Payment Agreements, Capital Assets, Purchases and Operating Leases as at March 31, 2014 — *Continued*

(in millions of dollars)

					Outstanding obligations to be disbursed by March 31					
	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	2015	2016	2017	2018	2019	2020 and subsequently
Isotope Technology Acceleration Program										
Aggregate										
Wind Power Production Incentive										
Aggregate	156	156	122	34	17	11	6			
Saskatchewan Power Corporation	54	54	41	13	5	8				
	2,585	*2,585*	*1,534*	*1,051*	*329*	*188*	*158*	*126*	*102*	*148*
Office of Infrastructure of Canada —										
Building Canada Fund — Communities Component										
Aggregate	180	180	164	16	15	1				
Government of British Columbia	136	136	106	30	16	14				
Government of Manitoba	41	41	27	14	5	9				
Government of Newfoundland and Labrador	56	56	43	13	5	8				
Government of Ontario	362	362	293	69	21	48				
Government of Quebec	410	410	122	288	73	215				
Government of Saskatchewan	99	99	87	12	12					
Building Canada Fund — Major Infrastructure Component										
Aggregate	616	616	445	171	121	37	13			
Canada Strategic Infrastructure Fund										
Aggregate	877	877	817	60	43	10	3	4		
Green Infrastructure Fund										
Aggregate	67	67	45	22	16	6				
Municipal Rural Infrastructure Fund										
Government of Quebec	235	235	208	27	27					
Provincial-Territorial Base Funding										
Government of Alberta	175	175	162	13	13					
Government of Manitoba	175	175	165	10	10					
Government of New Brunswick	175	175	137	38	38					
Government of Newfoundland and Labrador	175	175	125	50	50					
Government of Nova Scotia	175	175	160	15	15					
Government of Ontario	175	175	157	18	18					
Government of Quebec	175	175	150	25	25					
Government of Saskatchewan	175	175	165	10	10					
City of Calgary										
Calgary Transit Projects	51	51	36	15	15					
City of Mississauga and Greater Toronto Transit Authority — Mississauga Bus Rapid Transit Project										
Metrolinx Segment	24	24	11	13	6	7				
Mississauga Segment	59	59	39	20	14	6				
City of Niagara Falls										
Niagara Burgoyne Bridge Replacement	18	18	1	17	10	7				
City of Ottawa										
Ottawa Light Rail Transit Project	600	600	145	455	104	52	214	26	59	
Ottawa River Action Plan Project	33	33	16	17	13	4				
City of Saskatoon										
Art Gallery of Saskatchewan	13	13	3	10	5	3	2			
City of Toronto										
Union Station revitalization	133	133	62	71	37	34				
City of Toronto and the Municipality of York										
Toronto-York Spadina Subway Extension	622	622	435	187	99	58	30			

Table 11.3

Transfer Payment Agreements, Capital Assets, Purchases and Operating Leases as at March 31, 2014 — *Continued*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2015	2016	2017	2018	2019	2020 and subsequently
City of Winnipeg										
Winnipeg Wastewater Treatment	42	42	11	31	3	24	4			
Convention Centre Corporation, Winnipeg Convention Centre										
Winnipeg Convention Centre expansion and renovations	47	47	17	30	21	9				
Corporation of the City of Brampton										
Brampton Züm Phase II Project	42	42	1	41	8	11	9	13		
Corporation of the City of London										
Huron Elgin London Clean Water Project	50	50	29	21	17	4				
Corporation of the City of Owen Sound										
Sewage upgrade	15	15	1	14	5	5	4			
Corporation of the City of St Catharines										
St Catharines Arts Centre Project	18	18	8	10	8	2				
Corporation of the City of Victoria										
Johnson Street Bridge replacement	21	21	8	13	13					
Corporation of the Regional Municipality of Halton										
Skyway Wastewater Treatment Plant upgrades and expansion	52	52	34	18	18					
Government of Alberta										
Highway 63	150	150	111	39	38	1				
Royal Alberta Museum	112	112	10	102	15	46	30	11		
Government of British Columbia										
BC Transit Improvement Initiative	76	76	14	62	8	30	24			
Evergreen Line Project	340	340	67	273	100	162	11			
Highway 1: Pritchard to Hoffman's Bluff	26	26	3	23	11	12				
Northwest Transmission Line Project	130	130	117	13	13					
Government of Newfoundland and Labrador										
Highway Gushue Extension	23	23	12	11	8	3				
Government of Nova Scotia										
Highway 103: Broad River to Port Joli	17	17	4	13	5	4	4			
Highway 104: Antigonish Phase II	30	30	13	17	5	5	7			
Government of Ontario										
Eastern Ontario Regional Broadband Network	55	55	28	27	27					
Government of Quebec										
Augustinian monastery	15	15	3	12	8	4				
Baie Comeau Water Treatment Project	20	20		20	1	1	18			
Highways 35, 50, 185, Dorval Interchange and 185 Phase II	445	445	263	182	95	18	11	3	55	
Highways 35, 55, 73 and 173 Phase I and II	147	147	92	55	23	5	10	17		
Jean R. Marcotte Wastewater Treatment Facility upgrade	64	64		64	3	6	55			
Laval Drinking Water Treatment Plant	47	47	14	33	10	8	15			
Montréal Atwater and Charles-J. Des Baillets Water Project	58	58	21	37	37					
Montréal Combined Sewer Overflow Project	49	49		49	1	9	39			
Montréal's Quartier des spectacles	40	40	22	18	18					
Multisports and Health Centre, Bishop's University	13	13	2	11	11					
Outremont Rail Switching Yard Project	30	30	1	29	4	6	19			
Quebec National Museum of Fine Arts	34	34	11	23	19	4				
Shortline Rail	30	30	19	11	11					
Trois-Rivières Amphitheatre	13	13		13	13					
Government of Saskatchewan										
Highway 39: Estevan Truck Bypass Route	17	17	2	15	6	5	4			

Table 11.3

Transfer Payment Agreements, Capital Assets, Purchases and Operating Leases as at March 31, 2014 — *Continued*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2015	2016	2017	2018	2019	2020 and subsequently
Government of the Northwest Territories										
Inuvik to Tuktoyaktuk Highway	200	200		200	53	51	30	66		
Greater Toronto Transit Authority										
GO Transit Rail Infrastructure Improvements	385	385	295	90	12	28	21	29		
Joseph and Wolf Lebovic Jewish Community Campus										
Jewish community campus	15	15	5	10	3	1	6			
Metrolinx										
GO Transit Improvement Program	250	250	204	46	46					
Mont Tremblant Resorts and Company Limited Partnership										
Mont Tremblant Resorts	37	37	19	18	7	11				
National Music Centre	25	25	9	16	9	5	2			
Regional Municipality of York										
VIVA Bus Rapid Transit Project Phase II	85	85	37	48	26	13	9			
River Valley Alliance										
Capital Region River Valley Park, Connectivity Phase	30	30		30	10	10	10			
Town of Lakeshore										
Multi-use recreation facility	17	17	5	12	7	5				
	9,344	*9,344*	*5,838*	*3,506*	*1,592*	*1,027*	*604*	*169*	*114*	
Public Safety and Emergency Preparedness —										
Department —										
Contributions for Lac Mégantic										
Government of Quebec	120	120	25	95	95					
First Nations Policing Program										
Aggregate	26	26	9	17	5	4	4	4		
Safer Communities Initiative										
Aggregate	146	146	77	69	25	15	12	12	5	
Treaty Three Police Service	26	26		26	6	7	6	7		
Royal Canadian Mounted Police —										
Canadian Firearms Program	14	14		14	14					
	332	*332*	*111*	*221*	*145*	*26*	*22*	*23*	*5*	
Transport —										
Department —										
Airport Capital Assistance Program										
Aggregate	17	16		16	15	1				
Contribution in support of costs of operating a ferry service										
Bay Ferries Limited (between Saint John, New Brunswick and Digby, Nova Scotia)	13	13		13	6	7				
Northumberland Ferries Limited (between Woods Islands, Prince Edward Island and Caribou, Nova Scotia)	22	22		22	10	12				
Contributions in support of the Asia-Pacific Gateway and Corridor Initiatives										
Aggregate	79	79	32	47	39	8				
City of Surrey	53	53	35	18	18					
District of North Vancouver	13	13		13	10	3				
Government of Alberta	75	75	19	56	45	11				
Port Metro Vancouver (1 of 2)	97	97	75	22	22					
Port Metro Vancouver (2 of 2)	20	20	9	11	11					

Table 11.3

Transfer Payment Agreements, Capital Assets, Purchases and Operating Leases as at March 31, 2014 — *Continued*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2015	2016	2017	2018	2019	2020 and subse-quently
Contributions in support of the Gateways and Border Crossings Fund										
Aggregate	237	237	209	28	24	3	1			
Aéroport de Québec Inc.	22	22	11	11	11					
Government of Manitoba	52	52	22	30	4		19	7		
Government of Ontario	764	764	31	733	396	337				
Saint Mary's River Bridge Company	51	51	6	45	19	12	8	6		
St. John's International Airport	12	12	1	11	7	4				
Grant for the provision of ferry and coastal freight and passenger services										
BC Ferries	574	574	401	173	29	29	29	29	29	28
Outaouais Road Agreement Contribution Program										
Quebec Ministry of Transportation	171	171	133	38	13	7	11	3	2	2
	2,272	*2,271*	*984*	*1,287*	*679*	*434*	*68*	*45*	*31*	*30*
Western Economic Diversification —										
Community Futures Program										
Aggregate	26	26		26	26					
Western Diversification Program										
Aggregate	47	47		47	35	10	2			
Rick Hansen Foundation	35	35	6	29	8	8	7	6		
The Governors of the University of Calgary	15	15	3	12	2	2	1	2	1	4
	123	*123*	*9*	*114*	*71*	*20*	*10*	*8*	*1*	*4*
Subtotal	66,607	66,606	28,417	38,189	15,156	8,518	5,414	3,935	2,295	2,871
Consolidated Crown Corporations and Other Entities —										
Canada Council for the Arts —										
Grants	*328*	*328*	*154*	*174*	*77*	*60*	*37*			
Canada Foundation for Innovation —										
Grants	*6,148*	*5,864*	*5,170*	*694*	*312*	*180*	*125*	*56*	*7*	*14*
International Development Research Centre —										
Development Innovation Fund Program	*220*	*220*	*121*	*99*	*44*	*44*	*11*			
National Capital Commission —										
City of Gatineau	*16*	*16*	*6*	*10*	*10*					
PPP Canada Inc.										
P3 Canada Fund	*801*	*801*	*4*	*797*	*24*	*57*	*162*	*126*	*428*	
Subtotal	7,513	7,229	5,455	1,774	467	341	335	182	435	14
Total transfer payment agreements	**74,120**	**73,835**	**33,872**	**39,963**	**15,623**	**8,859**	**5,749**	**4,117**	**2,730**	**2,885**

Capital assets and purchases —

Capital assets —

Fisheries and Oceans —										
Frequentis Canada Limited										
Marine Communications and Traffic Services Control System	30	29	16	13	11	2				
Irving Shipbuilding Inc										
Design and construction of 9 mid-shore patrol vessels	200	199	183	16	14	2				

Table 11.3

Transfer Payment Agreements, Capital Assets, Purchases and Operating Leases as at March 31, 2014 — *Continued*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2015	2016	2017	2018	2019	2020 and subsequently
Vancouver Shipyards Co Ltd										
Offshore Fisheries Science Vessels construction engineering	20	20	10	10	10					
Offshore Fisheries Science Vessels long-lead items	13	13		13	13					
	263	*261*	*209*	*52*	*48*	*4*				
Industry —										
Canadian Space Agency —										
MacDonald, Dettwiler and Associates Ltd										
Scientific activities for the construction of the Radarsat Constellation (3 satellites)	*980*	*980*	*449*	*531*	*191*	*118*	*95*	*61*	*62*	*4*
National Defence —										
Department —										
Aecon Atlantic Group / SNC-Lavalin Construction (Atlantic) in Joint Venture										
Consolidate training and support facilities, Canadian Forces Base Halifax	71	71	4	67	23	38	6			
Airbus Defence and Space										
Area and Secondary Surveillance Radar	67	67	4	63	14	29	20			
Aquicon Construction Co Ltd										
All ranks dining facility #2, Vickers-North Kitchen CFB Borden, Ontario	17	17	5	12	12					
Boeing, Ridley Park										
15 Medium to Heavy Lift Helicopters (Chinooks)	1,278	1,278	1,250	28	28					
Bondfield Construction Company Limited										
Construct Hangar 6	74	74	39	35	35					
Bronswerk Marine Inc										
Refrigeration systems and components	24	14	1	13	3	2	3	2	3	
CAE Inc										
Aircrew operational training services in support of the CC-130J and CH147F aircrafts	295	295	233	62	20	24	14	4		
Carillion Canada Inc										
Seismic retrofit at Seaforth Armoury and relocation of Jericho Beach units, Vancouver, British Columbia	70	70	15	55	55					
Clearway Construction Inc										
Upgrade water, sewer, storm, communication and road systems, phase 4, Cold Lake, Alberta	23	23	7	16	15	1				
DEW Engineering and Development ULC										
Special Equipment Vehicle	178	178	133	45	43	1	1			
Dowland Contracting Ltd										
Vehicle maintenance facility, Wainwright, Alberta	42	42	18	24	9	15				
EllisDon Corporation										
Fleet management facility, CFB Esquimalt, British Columbia	82	82	8	74	21	22	22	9		
Upgrade Sawyer Complex, CFB Kingston, Ontario	122	122	81	41	16	14	5	6		
General Dynamics Canada										
CP-140 Aurora Data Management System Project	52	52	38	14	10	4				
Land Command Support System Engineering and Integration Long Term Support Contract	750	620	523	97	63	34				

Table 11.3

Transfer Payment Agreements, Capital Assets, Purchases and Operating Leases as at March 31, 2014 — *Continued*

(in millions of dollars)

					Outstanding obligations to be disbursed by March 31					
	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	2015	2016	2017	2018	2019	2020 and subsequently
Light Armoured Vehicle III Upgrade Implementation Contract	1,265	1,172	315	857	335	240	170	60	30	22
Wheeled Light Armoured Vehicle Optimized Weapon Systems Support, phase 2	634	579	502	77	23	23	17	14		
Graham Construction and Engineering Inc										
Canadian Forces Military Police Academy, CFB Borden, Ontario	33	33	18	15	15					
New integrated healthcare services centre, CFB Borden, Ontario	18	18	2	16	7	9				
Intact Insurance Company										
Vehicle maintenance facility, CFM/ASU Wainwright, Alberta	40	40	18	22	22					
Irving Shipbuilding Inc										
Arctic Offshore Patrol Ship Definition Contract	309	158	86	72	66	6				
Israel Ministry of Defence										
The Stand-Off Direction System	38	37	20	17	13	4				
Krauss Maffei Group										
Repair and overhaul — Leopard 2 tanks	33	33	18	15	15					
Replacement in Kind — Leopard 2 conversion	35	34	20	14	14					
Lockheed Martin Canada										
Combat Systems Integration — In Service Support Contract	548	345	56	289	11	50	50	50	89	39
Lockheed Martin Corporation, United States										
CP-140 Aurora Structural Life Extension Project	299	264	184	80	4	35	40	1		
Purchase of 17 C130J aircrafts	2,445	2,272	2,034	238	165	37	36			
MacDonald Dettwiler and Associates Ltd										
CP-140 Aurora Aircraft Imaging Radar Acquisition Project	306	306	243	63	16	22	17	8		
Marco Maritimes Ltd										
Upgrade Building 1 DRDC Atlantic Construction, CFB Halifax, Nova Scotia	27	27	11	16	16					
Raytheon Canada Limited										
Repair, overhaul and conversion of radar equipment	181	181	122	59	9	9	10	11	8	12
Rheinmetall AG										
Armoured Recovery Vehicle conversion and integrated logistic support	76	76	22	54	44	10				
Sikorsky International Operations Inc Stratford, United States										
Acquisition of 28 maritime helicopters	1,880	1,880	986	894		171			183	540
Textron Systems Canada Inc										
Tactical Armoured Patrol Vehicle acquisition contract	604	604	43	561	205	356				
Thales Canada Inc										
Land Command Support System Software Long Term Support Contract	350	280	227	53	27	26				
Tactical Control Radar Modernization	52	52	3	49	8	26	15			
United States Department of the Air Force										
Directed Infra-Red Counter Measures	71	71	30	41	4	9	12	10	5	1
United States Department of the Army										
Medium Heavy Lift Helicopter Engines	55	55	44	11	11					
United States Department of the Navy										
Advance Distributed Combat Training System, CF-18 Modernization	23	23	6	17	5	8	4			

Table 11.3

Transfer Payment Agreements, Capital Assets, Purchases and Operating Leases as at March 31, 2014 — *Continued*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2015	2016	2017	2018	2019	2020 and subsequently
OFP Software Support, CF-18 Modernization	23	23	11	12	1	1				10
Protected Military Satellite Communications	105	100	57	43	11	11	11	10		
Varcon Construction Corporation										
Construction of Canadian Army Advanced Warfare Centre, Trenton, Ontario	37	37	15	22	18	4				
Weir Canada Inc										
Maritime Systems and Engineering	600	200	115	85	39	46				
Communications Security Establishment —										
Plenary Properties										
Public-private partnership arrangement to design, build, finance and maintain (35 years) (3)	1,170	1,170	1,037	133	133					
	14,402	*13,075*	*8,604*	*4,471*	*1,604*	*1,287*	*453*	*185*	*318*	*624*
Public Safety and Emergency Preparedness —										
Royal Canadian Mounted Police —										
City of Chilliwack										
Chilliwack Firing range (1)	17	17		17	7	7	1		2	
RCMP Fleet Vehicles	83	83	53	30	30					
	100	*100*	*53*	*47*	*37*	*7*	*1*		*2*	
Public Works and Government Services —										
Department —										
Transformation of Pay Administration										
Aggregate	17	9	8	1	1					
IBM Canada Ltd	125	65	47	18	11	7				
Dowland Contracting Ltd										
Cadet accommodation building, Regina, Saskatchewan	25	25	10	15	14	1				
McDonald Brothers Construction Inc										
Sir Frederick G. Banting Research Centre fit-up, Ottawa, Ontario	16	16		16	16					
Metric Contracting Services Corporation										
Reconstruction of the dam at Lock 37, Trent-Severn, Waterway, Bolsover, Ontario	21	21	6	15	12	3				
North Alaska Highway										
North Alaska Highway maintenance and repair services, British Columbia	94	94	57	37	11	12	7	6	1	
Pommerleau Inc										
Construction for Macdonald-Cartier bridge	28	28		28	15	13				
Pommerleau Inc, Investissements Immobiliers Kevlar Inc										
Quebec Tax Services Office, 2575 Sainte-Anne Boulevard, Québec	44	44		44		2	2	3	2	35
Tri City Canada Inc										
Edmonton Institute for Women, principal entrance and Industries Building construction, Edmonton, Alberta	15	15	1	14	11	3				
The Great-West Life Assurance Company										
Lorne Building, 90, Elgin Street, Ottawa, Ontario (1)	488	488		488	10	19	20	19	20	400
Wellington Building Renovation										
Ottawa, Ontario	425	301	188	113	72	31	10			
West Block renovation										
111 Wellington Street, Ottawa, Ontario	1,171	896	462	434	141	135	120	38		
	2,469	*2,002*	*779*	*1,223*	*314*	*226*	*159*	*66*	*23*	*435*
Subtotal	18,214	16,418	10,094	6,324	2,194	1,642	708	312	405	1,063

Table 11.3

Transfer Payment Agreements, Capital Assets, Purchases and Operating Leases as at March 31, 2014 — *Continued*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31 2015	2016	2017	2018	2019	2020 and subsequently
Consolidated Crown Corporations and Other Entities —										
Canadian Air Transport Security Authority —										
Greater Toronto Airports Authority (1 of 2)	45	45	1	44	15	14	15			
Greater Toronto Airports Authority (2 of 2)	18	18	2	16	16					
Ottawa Macdonald-Cartier International Airport Authority	21	21	7	14		7	7			
Vancouver International Airport Authority	117	117	35	82	26	28	28			
	201	*201*	*45*	*156*	*57*	*49*	*50*			
Federal Bridge Corporation Limited, The —										
St. Mary's River Bridge Company										
Rehabilitation	*52*	*16*	*4*	*12*	*10*	*1*		*1*		
The Jacques-Cartier and Champlain Bridges Incorporated —										
Groupe Hexagone S.E.C	11	11		11	9	2				
Mohawk Bridge Consortium	42	42	29	13	13					
Les Grands Travaux Soter Inc.	14	14		14	14					
EBC-Pomerleau	51	51	19	32	27	5				
	118	*118*	*48*	*70*	*63*	*7*				
VIA Rail Canada Inc. —										
CAD Railway Industries										
Repair and modernize up to a maximum of 98 LRC cars	21	16	4	12	10	2				
Goderich-Exeter Railway Company Limited										
Rail infrastructure improvement	28	26	11	15	15					
	49	*42*	*15*	*27*	*25*	*2*				
Subtotal	420	377	112	265	155	59	50	1		
Total capital assets	18,634	16,795	10,206	6,589	2,349	1,701	758	313	405	1,063
Purchases —										
Citizenship and Immigration —										
Canadian Bank Note Company Ltd										
Purchase of passport materials	138	115	56	59	25	34				
VF Worldwide Holdings Limited										
Global Network of Visa Application Centres including Biometric collection functions	47	47	2	45	11	12	14	8		
	185	*162*	*58*	*104*	*36*	*46*	*14*	*8*		
Employment and Social Development —										
Davis & Henderson Limited Partnership										
Student loans management services	517	506	442	64	64					
Quantum Management Services Ltd										
Provide and manage a team of information centre specialists to assist in the delivery of public enquiry services	59	59	6	53	19	20	14			
	576	*565*	*448*	*117*	*83*	*20*	*14*			
Environment —										
Bell Mobility										
Broadcast services	*17*	*17*	*4*	*13*		*1*		*1*		*11*
Fisheries and Oceans —										
Provincial Airlines Ltd										
Air Surveillance Services	*137*	*106*	*66*	*40*	*13*	*13*	*14*			

Table 11.3

Transfer Payment Agreements, Capital Assets, Purchases and Operating Leases as at March 31, 2014 — *Continued*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31 2015	2016	2017	2018	2019	2020 and subsequently
Health —										
Department —										
Express Scripts Inc.	96	96	84	12	12					
Public Health Agency of Canada —										
GlaxoSmithKline										
Pandemic readiness fees	96	96	28	68	9	10	10	10	10	19
	192	*192*	*112*	*80*	*21*	*10*	*10*	*10*	*10*	*19*
Industry —										
Canadian Space Agency —										
MacDonald Dettwiler and Associates										
Logistics and Sustaining Engineering Support for the International Space Station Mobile Servicing System	*81*	*81*	*34*	*47*	*30*	*17*				
National Defence —										
Department —										
ADGA Group Consultants Inc										
Land Command Support System Weapon System Management	251	97	67	30	28	2				
Allied Wings Limited Partnership										
Primary rotary wing and multi-engine pilot training, Portage, Manitoba	1,828	1,745	612	1,133	75	78	79	80	81	740
AMEC Americas, SNC-Lavalin, Golder Associates, Nordlys Environmental, Maxxam Analytics, Conestoga-Rovers & Associates										
Goose Bay Remediation Project	293	25	14	11	6	3	2			
ATCO Structures & Logistics Ltd										
Facilities maintenance	78	64	13	51	13	13	13	12		
Babcock Canada Inc										
Victoria in service support contract	1,707	1,171	605	566	141	142	141	142		
BAE Bofors System, Sweden										
57mm gun	120	100	84	16	8	8				
Bell Helicopter Textron Canada Limited										
Optimized weapon system support, CH-146 Griffon	610	610	244	366	56	58	62	62	64	64
Black & McDonald Ltd										
Dwyer Hill Training Centre facilities maintenance and support services	19	19		19	13	6				
BMT Fleet Technology Limited										
ELMS Services to Ship Design	58	31	14	17	9	8				
Bombardier Inc										
NATO Flying training in Canada, Moose Jaw and Cold Lake	2,583	1,898	1,201	697	98	101	103	106	107	182
Bronswerk Marine Inc										
Repair and overhaul of 85 and 125 ton water chillers	17	15	2	13	7	6				
CAE Inc										
Aircrew operational training services in support of the CC-130J and CH147F aircrafts	288	288	8	280	8	10	12	14	13	223
Calian Technologies Ltd										
Recruit and manage health services providers for the Canadian Forces	623	623	512	111	111					
Canadian Base Operators Meaford										
Provide base and logistical services	197	197	100	97	13	13	14	14	14	29
Cascade Aerospace Inc										
CC-130 Aircraft Hercules aircraft repair and overhaul	877	542	503	39	39					
CC-130 Hercules Avionics Optimized Weapon System Management	44	44		44	4	4	4	4		28

Table 11.3

Transfer Payment Agreements, Capital Assets, Purchases and Operating Leases as at March 31, 2014 — *Continued*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2015	2016	2017	2018	2019	2020 and subsequently
Corporation Fort St-Jean										
Support to RMC St-Jean, Quebec	248	216	108	108	19	22	22	22	23	
DEW Engineering and Development ULC										
Special Equipment Vehicle Kitting	49	42	2	40	12	20	8			
DRS Technologies Canada Ltd										
Communication selector box, power distribution units, small form factor	40	38	17	21	19	2				
Radio system	11	11	1	10	10					
Fleetway Inc										
In service support for Halifax and Iroquois Class vessels	187	111	88	23	23					
General Dynamics Ordnance and Tactical Systems Canada										
Ammunition	228	228	137	91	91					
Harris Canada Inc										
CF-18 Hornet Avionics Optimized Weapon System Support	198	198	70	128	23	27	78			
IMP Group International Ltd										
CH-149 Cormorant Helicopter in service support contract	1,010	1,009	939	70	70					
CP-140 Aurora Aircraft, prime air vehicle, Optimized Weapon Systems Support	538	492	427	65	54	11				
CH-124 Sea King Helicopter Third line support contract	415	415	366	49	49					
Irving Shipbuilding Inc										
Halifax Class modernization	688	688	383	305	115	99	91			
L-3 Communications										
CC-150 Polaris aircraft in service support contract	150	150	25	125	29	26	34	26	10	
CF-18 Hornet Aircraft System Engineering Support	1,145	1,145	968	177	65	61	51			
CP-140 Aurora Aircraft Avionics Optimized Weapon System Support	343	343	213	130	27	26	27			50
Integrated Platform Management System	81	80	57	23	6	7	6	4		
Repair and overhaul TIES	38	38	21	17	8	9				
Lockheed Martin Canada										
Combat Systems Integration	1,468	1,462	1,091	371	204	105	62			
Lockheed Martin Corporation, United States										
CF-18 AMIRS in service support	27	27	14	13	2	2	2	2	2	3
Command and Control System, CCS 876	43	28	15	13	13					
Logistik Unicorp Inc										
Consolidated Clothing Contract	520	456	330	126	69	57				
MacDonald Dettwiler and Associates Ltd										
In service support contract for Raven UAV	16	16		16	3	3	3	3	4	
Montfort Health Services										
Provide medical and dental facility and professional services	112	112	51	61	9	9	9	9	9	16
Nasittuq Corporation										
North Warning System operation and maintenance	778	778	746	32	32					
NATO Seasparrow										
ESSM Block 1 in service support contract	133	133	12	121	30	31	38	22		
Select Global International Inc										
Advanced Distributed Combat Training System tactical and flight training	20	19	4	15	3	4	4	4		

Table 11.3

Transfer Payment Agreements, Capital Assets, Purchases and Operating Leases as at March 31, 2014 — *Continued*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2015	2016	2017	2018	2019	2020 and subsequently
SERCO Facilities Management Inc										
Provision of site services at Goose Bay	601	601	410	191	95	96				
Sikorsky International Operations Inc										
Maritime helicopters in service support	3,290	3,290	511	2,779	41	73	158	277	312	1,918
SNC Lavalin Defence Programs Inc										
In service support contract for MCDV/AUX	598	199	118	81	60	21				
TDWP Solutions Inc and IBISKA Telecom Inc										
To support implementation of DND/CAF IT security enhancement	14	14	2	12	6	6				
Telesat Canada										
Satellite capacity bandwidth	32	32	15	17	3	4	3	4	3	
Textron Systems Canada Inc										
Tactical Armoured Patrol Vehicle support contract	106	106	23	83	37	12	7	6	5	16
Thales Canada Inc										
Fire Control Radars	61	54	21	33	33					
United States Department of Defense										
Operations and support of Advanced Extremely High Frequency MILSATCOM System	75	74	17	57	5	5	5	5	6	31
United States Department of the Air Force										
C-130J EW aircraft components	54	51	27	24			24			
Wideband Global Satellite Communications System	338	329	124	205	91	41	52	2		19
United States Department of the Navy										
C-17 Aircraft engines and support	743	743	544	199	33	33	33	33	33	34
Victoria Shipbuilding Limited										
Halifax Class modernization	415	385	256	129	56	61	12			
Communications Security Establishment —										
Plenary Properties										
Public-private partnership arrangement to design, build, finance and maintain (35 years)	2,914	2,914	1	2,913	67	100	105	106	105	2,430
	27,320	*24,496*	*12,133*	*12,363*	*2,141*	*1,425*	*1,264*	*959*	*791*	*5,783*
Office of Infrastructure of Canada —										
New bridge for the St. Lawrence Corridor Project										
Aggregate	*19*	*19*	*9*	*10*	*10*					
Public Safety and Emergency Preparedness —										
Canada Border Services Agency —										
Welfare management services										
Corbel Management Corporation	21	21	10	11	4	4	3			
G4S Security Services (Canada) Ltd	20	20	7	13	9	2	2			
Correctional Service —										
Community residential facilities										
Aggregate	116	116	47	69	68	1				
The ADGA Group										
Maintenance of electronic security systems	27	27	16	11	7	4				
Royal Canadian Mounted Police —										
MTS Allstream Inc										
Rental of voice communications equipment	43	43	29	14	7	6	1			
	227	*227*	*109*	*118*	*95*	*17*	*6*			

Table 11.3

Transfer Payment Agreements, Capital Assets, Purchases and Operating Leases as at March 31, 2014 — *Continued*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2015	2016	2017	2018	2019	2020 and subse-quently
Public Works and Government Services —										
Department —										
Tax and operation and maintenance portion on leases										
159599 Canada Inc										
200 Montcalm Street - Phase II, Gatineau, Quebec	24	24	3	21	1	2	1	2	1	14
1646434 Ontario Inc										
81 Mulcaster Street, Barrie, Ontario	11	11	1	10	1		1		1	7
2237800 Ontario Ltd										
395 Terminal Avenue, Ottawa, Ontario	70	70	5	65	4	4	4	4	4	45
4345177 Canada Inc										
Fontaine Building, 200 Sacré-Cœur Boulevard, Gatineau, Quebec	46	46	17	29	3	3	3	3	3	14
519719 Ontario Inc										
1600 Star Top Road, Ottawa, Ontario	56	56	40	16	3	3	3	3	3	1
6149625 Canada Inc										
Place Vincent Massey, 351 Saint-Joseph Boulevard, Gatineau, Quebec	23	23	1	22	1		1	1	1	18
6149626 Canada Inc										
Place Vincent Massey, 351 Saint-Joseph Boulevard, Gatineau, Quebec	107	107	9	98	3	3	4	4	4	80
Broccolini Construction										
455 de la Carrière Boulevard, Gatineau, Quebec	226	226		226	19	7	7	8	8	177
Canada Post Corporation										
750 Heron Road, Ottawa, Ontario	60	60	31	29	4	5	5	5	6	4
City of Vancouver										
Library Square, 360 Georgia Street West, Vancouver, British Columbia	33	33	16	17	2	3	2	3	2	5
Cominar Real Estate Investment Trust										
550 de la Cité Boulevard, Gatineau, Quebec	48	48	31	17	3	3	4	4	3	
Computershare Trust Company of Canada										
Canada Place, 9700 Jasper Avenue, Edmonton, Alberta	308	308	63	245	11	11	12	12	12	187
Harry Hays Building, 220 - 4th Avenue, Calgary, Alberta	195	195	39	156	7	7	7	8	8	119
Joseph Sheppard Building, 4900 Yonge Street, Toronto, Ontario	281	281	62	219	10	10	10	11	11	167
RCMP Building, 4225 Dorchester Boulevard West, Westmount, Quebec	98	98	17	81	4	4	4	4	4	61
Revenue Canada Building, 305 René-Levesque Boulevard West, Montréal, Quebec	117	117	19	98	5	4	5	4	5	75
Skyline Complex, 1400 Merivale Road, Ottawa, Ontario	278	278	81	197	9	9	9	10	10	150
Thomas D'Arcy McGee Building, 90 Sparks Street, Ottawa, Ontario	270	270	47	223	10	10	11	11	11	170
Consortium GM Développement, OGESCO Construction, Pierre Martin & Associés, Design & Architecture										
1550 d'Estimauville Avenue, Quebec, Quebec	87	87	7	80	4	4	4	4	4	60
Fortis Corporation										
Maritime Centre, 1505 Barrington Street, Halifax, Nova Scotia	13	13	2	11	1	1	1	1	1	6
Minto Commercial Properties Inc										
Mercury Centre, 3000 Merivale Road, Ottawa, Ontario	375	375	45	330	11	11	12	13	13	270
Morguard Corporation										
131 Queen Street, Ottawa, Ontario	148	148	46	102	7	7	7	8	8	65
181 Queen Street, Ottawa, Ontario	68	68	31	37	3	4	3	4	4	19

Table 11.3

Transfer Payment Agreements, Capital Assets, Purchases and Operating Leases as at March 31, 2014 — *Continued*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2015	2016	2017	2018	2019	2020 and subsequently
Place Montcalm (Phase III partnership)										
Montcalm Place, 700 Crémazie Street, Gatineau, Quebec	53	53	35	18	4	4	4	4	2	
Pommerleau Inc, Investissements Immobiliers Kevlar Inc										
Tax Services Office, 2575 Sainte-Anne Boulevard, Québec, Quebec (7)	52	52		52		2	2	2	2	44
The Canada Life Assurance Company										
Judicial Complex, 180 Queen Street West, Toronto, Ontario	100	100	34	66	5	5	5	5	5	41
The Great-West Life Assurance Company										
Lorne Building, 90, Elgin Street, Ottawa, Ontario (2)	288	288		288	6	11	12	11	12	236
The Great-West Life Assurance Company of Canada and London Life Assurance Company										
269 Laurier Street West, Ottawa, Ontario	83	83	45	38	5	6	6	6	6	9
Brookfield Johnson Controls Canada Inc										
Building maintenance services	536	434	11	423	160	160	103			
Dragage Océan DSM Inc										
Maintenance dredging of St Lawrence Seaway, north crossing area, Quebec	29	29	9	20	5	4	4	3	4	
First Data / Paymentech Canada Partner Inc										
Card acceptance services	133	133	94	39	29	10				
Green Timbers Limited Partnership										
Public-Private Partnership Accommodations Project — RCMP "E" Division relocation, Surrey, British Columbia	716	716	38	678	29	29	29	30	29	532
Pension Modernization										
Aggregate	11	9	7	2	2					
Hewlett-Packard	267	216	207	9	9					
SNC Lavalin Operations & Maintenance Inc										
Building maintenance services	5,629	5,123	4,383	740	740					
Giant Mine remediation, Northwest Territories										
Aggregate	29	29	14	15	15					
Parsons Canada Ltd	29	29	17	12	12					
Transformation of Pay Administration										
Aggregate	25	16	15	1	1					
Shared Services Canada —										
Converged network services	72	72	55	17	17					
2Keys Corporation										
Government of Canada branded credential services	29	18	7	11	9	2				
Bell Canada										
Cabling services	90	77	47	30	30					
Email transformation	23	23		23	23					
Landline services	183	183	91	92	92					
Local Internet access	11	11		11	2	4	5			
Managed security services	12	12		12	3	3	3	3		
Wide area network services	72	72	14	58	18	18	22			
CA Canada Inc										
Mainframe operations	56	56	25	31	28	3				
CGI Group Inc										
Electronic procurement and payment solution	13	13	3	10	7	1	1	1		
Engineering services and technical professional services	86	86	62	24	24					
Ibiska Telecom Inc										
Technical professional services	47	47	31	16	14	2				
IBM Canada Ltd										
Data center operations	20	20	3	17	10	7				
Mainframe operations	148	148	48	100	72	24	2	2		

Table 11.3

Transfer Payment Agreements, Capital Assets, Purchases and Operating Leases as at March 31, 2014 — *Continued*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2015	2016	2017	2018	2019	2020 and subsequently
Microsoft Licensing										
Email transformation	34	34	12	22	11	11				
MTS Inc										
Converged network services	31	31	15	16	16					
Rogers Communications Inc										
Call centre services	63	44	17	27	11	11	5			
Rogers Wireless										
Cellular phone services	57	57	28	29	29					
SecureKey Technologies Inc										
Credential broker services	41	25	14	11	4	4	3			
Telesat Canada										
Fixed satellite services	43	25	13	12	8	1	1	1	1	
TELUS Communications Inc										
Government enterprise network services	128	128	8	120	22	23	23	23	21	8
Landline services	51	51	24	27	27					
Wide area network services	438	219	65	154	57	64	33			
Unisys Canada Inc										
Mainframe operations	78	37	25	12	4	4	4			
	12,748	*11,741*	*6,129*	*5,612*	*1,686*	*528*	*387*	*218*	*209*	*2,584*
Treasury Board —										
Sun Life Assurance Company of Canada										
Public Service Health Care Plan (Administration)	*175*	*175*	*93*	*82*	*28*	*33*	*21*			
Subtotal	41,677	37,781	19,195	18,586	4,143	2,110	1,730	1,196	1,010	8,397
Consolidated Crown Corporations and Other Entities —										
Atomic Energy of Canada Limited —										
Purchase orders	*464*	*464*	*286*	*178*	*178*					
Canadian Air Transport Security Authority —										
Garda Security Screening Inc — Central	685	685	273	412	132	140	140			
Garda Security Screening Inc — Prairies	438	438	177	261	84	88	89			
G4S Secure Solutions (Canada) Ltd	427	427	177	250	78	86	86			
Morpho Detection Inc	157	157	41	116	31	31	31	23		
NAV Canada	58	58	26	32	16	16				
Securitas Transport Aviation Security Ltd	493	493	206	287	92	97	98			
Smiths Detection Montreal Inc	27	27	4	23	7	8	7	1		
Sun Life Assurance Company	32	32	5	27	4	4	4	4	4	7
	2,317	*2,317*	*909*	*1,408*	*444*	*470*	*455*	*28*	*4*	*7*
Canada Council for the Arts —										
Capital commitments in limited partnership funds	*32*	*32*		*32*	*5*	*5*	*6*	*5*	*6*	*5*
Canadian Broadcasting Corporation —										
Programming rights										
Sports	85	85	54	31	11	5	15			
Other	39	39	28	11	11					
SAP Canada	14	14		14	1	2	1	2	1	7
Sintec Media Ltd	21	21	8	13	3	3	4	3		
SNC-Lavalin Profac Inc	471	471	232	239	37	38	39	40	42	43
	630	*630*	*322*	*308*	*63*	*48*	*59*	*45*	*43*	*50*
Canadian Commercial Corporation —										
Contracts with foreign customers	*22,871*	*22,871*	*6,741*	*16,130*	*999*	*303*	*151*	*1,593*	*3,683*	*9,401*
National Capital Commission —										
Land management and maintenance										
City of Ottawa	17	17	6	11		1			1	9
Lafleur de la Capitale Inc	19	19	8	11	3	4	4			
	36	*36*	*14*	*22*	*3*	*5*	*4*		*1*	*9*

Table 11.3

Transfer Payment Agreements, Capital Assets, Purchases and Operating Leases as at March 31, 2014 — *Continued*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2015	2016	2017	2018	2019	2020 and subsequently
St. Lawrence Seaway Management Corporation —										
Cavotec	36	36		36	9	11	16			
Dufferin Construction	87	87	24	63	20	23	19	1		
	123	*123*	*24*	*99*	*29*	*34*	*35*	*1*		
Subtotal	26,473	26,473	8,296	18,177	1,721	865	710	1,672	3,737	9,472
Total purchases	68,150	64,254	27,491	36,763	5,864	2,975	2,440	2,868	4,747	17,869
Total capital assets and purchases	**86,784**	**81,049**	**37,697**	**43,352**	**8,213**	**4,676**	**3,198**	**3,181**	**5,152**	**18,932**
Operating leases —										
Environment —										
Capilano Indian Reserve No. 5 of Vancouver, British Columbia										
Lease of land	*385*	*385*	*164*	*221*	*8*	*8*	*8*	*8*	*8*	*181*
Foreign Affairs, Trade and Development —										
1251 Americas Associates LP										
Chancery, New York	18	18	7	11	3	3	3	2		
Main Business Administration for Services to the Diplomatic Corps (GlavUpDK)										
Chancery, Moscow	195	195	27	168	4	5	5	5	5	144
Pacific Grace Limited										
Chancery Annex, Hong Kong	22	22	3	19	2	2	2	2	2	9
Spanish Space Tower, S.A.U. (Torre Espacio Castellana, S.A.U.)										
Chancery, Madrid	22	22	9	13	2	2	1	2	2	4
The HongKong Land Property Company Limited										
Chancery, Hong Kong	20	20	1	19	2	2	2	2	2	9
The Wilton Co-ownership										
Chancery, Dublin	18	18	3	15	1		1		1	12
	295	*295*	*50*	*245*	*14*	*14*	*14*	*13*	*12*	*178*
Public Works and Government Services —										
Department —										
1166 Equities Inc										
1166 West Pender Street, Vancouver, British Columbia	34	34	18	16	6	5	5			
234 Laurier Leaseholds Limited										
Plaza 234, Ottawa, Ontario	33	33	17	16	4	3	3	4	2	
25 Nicholas Properties Ltd										
The Albion Executive Tower, Ottawa, Ontario	35	35	16	19	4	3	4	3	4	1
3934381 Canada Inc										
1138 Melville Street, Vancouver, British Columbia	108	72	24	48	7	7	7	7	7	13
927094 Alberta Ltd										
9240 - 49th Street, Edmonton, Alberta	53	53	2	51	4	3	4	3	4	33
BCIMC Realty Corporation										
100 Colonnade Road, Ottawa, Ontario	15	15	3	12	1	2	1	2	1	5
130 Colonnade Road, Ottawa, Ontario	27	27	6	21	3	2	3	2	3	8
Beatty Street General Partnership										
Pivotal Building, 877 Expo Boulevard, Vancouver, British Columbia	20	20	2	18	2	2	2	2	2	8
Bona Building & Management Company Ltd										
285 Coventry Road, Ottawa, Ontario	17	17	7	10	3	3	4			
333 and 335 North River Road, Ottawa, Ontario	100	61		61	11	8	13	12	12	5

Table 11.3
Transfer Payment Agreements, Capital Assets, Purchases and Operating Leases as at March 31, 2014 — *Continued*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2015	2016	2017	2018	2019	2020 and subse-quently
Vanier Building, 222 Nepean Street, Ottawa, Ontario	43	43	29	14	4	4	5	1		
BPO Properties Ltd, HRI Exchange Inc and PFS Exchange Inc										
Exchange Tower, 130 King Street West, Toronto, Ontario	29	29	7	22	10	10	2			
Carling Business Centre										
1451 Coldrey Avenue and 1550 Carling Avenue, Ottawa, Ontario	28	28	9	19	3	3	2	3	3	5
Center 10 Corporation										
517 - 10th Avenue South West, Calgary, Alberta	73	73	3	70	7	8	7	8	7	33
City Centre Equities Inc, c/o Harvard Developments Inc										
1870 Hamilton Street, Regina, Saskatchewan	26	26	2	24	3	2	3	2	3	11
Cominar Real Estate Investment Trust										
3400 Jean-Bérand Avenue, Laval, Quebec	40	40	2	38	4	4	4	4	4	18
Crehoy Inc, Ontario Holdings Ltd, BPO (Ontario Core) Ltd										
Place de Ville - Towers A, B and C, 320 Queen Street, Ottawa, Ontario	414	414	7	407	41	42	41	41	41	201
Dundeal Canada West (GP) Inc										
Gallery Building, 4923 - 52nd Street, Yellowknife, Northwest Territories	25	25	8	17	2	2	3	2	2	6
Dundee Properties Limited Partnership										
5001 Yonge Street, Toronto, Ontario	35	35	8	27	9	9	9			
H&R Real Estate Investment Trust										
Place Bell, 160 Elgin Street, Ottawa, Ontario	75	75	41	34	8	8	8	4	3	3
Hoopp Realty Inc										
Telus Plaza North, 10025 Jasper Avenue, Edmonton, Alberta	16	16	2	14	3	3	3	3	2	
Huntingdon Capital Corp										
280 Broadway Avenue, Winnipeg, Manitoba	19	19	9	10	2	2	2	2	2	
Ivanhoe Cambridge II Inc										
4720 Kingsway, Burnaby, British Columbia	26	26	8	18	2	3	2	3	2	6
Minto Commercial Properties Inc										
180 Kent Street, Ottawa, Ontario	45	45	20	25	4	5	4	5	5	2
Canada Building, 344 Slater Street and Enterprise Building, 427 Laurier Avenue West, Ottawa, Ontario	161	122	12	110	11	12	12	12	12	51
Morguard Investments Limited in trust										
Heritage Place, 155, Queen Street Ottawa, Ontario	45	45	32	13	4	4	5			
Standard Life Centre, 280 Slater Street, Ottawa, Ontario	66	66	4	62	6	6	6	6	7	31
Morguard Investments Limited in trust for Cordova Equities Inc										
Standard Life Centre, 333 Laurier Avenue West, Ottawa, Ontario	61	61	31	30	9	10	7	3	1	
Morguard Real Estate Investment Trust										
7575 - 8th Street North-East, Calgary, Alberta	30	30		30	3	3	3	3	3	15
National Capital Commission, DEL Management Solutions Inc										
The Chambers Building, 40 Elgin Street, Ottawa, Ontario	17	17	4	13	2	2	2	2	3	2
Omers Realty Corporation										
800 Burrard Street, Vancouver, British Columbia	41	41	6	35	8	8	8	9	2	
Omers Realty Corporation and CPP Investment Board Real Estate Holdings Inc										
Constitution Square, 350-360 Albert Street, Ottawa, Ontario	95	95	22	73	9	9	9	10	10	26

Table 11.3

Transfer Payment Agreements, Capital Assets, Purchases and Operating Leases as at March 31, 2014 — *Continued*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2015	2016	2017	2018	2019	2020 and subsequently
Ottawa — 2200 Walkley Road Inc										
2200 Walkley Road, Ottawa, Ontario	23	15	4	11	1	1	2	1	2	4
Outcore Equities Inc and Archean Capital Investments Ltd										
Sir Richard Scott Building, 191 Laurier Avenue West, Ottawa, Ontario	28	23	8	15	6	6	3			
Pacific Centre Leaseholds Limited										
701 Georgia Street West, Vancouver, British Columbia	33	33	15	18	3	3	3	3	3	3
Pensionfund Realty Limited										
99 Metcalfe Street, Ottawa, Ontario	39	39	11	28	4	4	4	4	4	8
250 Albert Street, Ottawa, Ontario	54	54	28	26	6	6	6	6	2	
Robert Vocisano in trust, c/o Bona Building and Management Company Ltd										
Coventry Square, 295, Coventry Road, Ottawa, Ontario	70	51	40	11	4	4	3			
Roscourt Investments Inc										
30 McGill Street, Montréal, Quebec	16	16		16	3	3	3	3	4	
Station Lands Ltd										
Epcor Tower, 10423 - 101st Street, Edmonton, Alberta	74	74	18	56	7	8	7	8	7	19
Sun Life Assurance Company of Canada and SITQ National Inc										
1155 Metcalfe Street, Suite 55, Montréal, Quebec	18	18	2	16	1	2	2	2	2	7
Telesat Canada and Pensionfund Realty Limited										
Telesat Building, 1601 Telesat Court, Ottawa, Ontario	19	19	9	10	2	2	2	2	2	
The Great-West Life Assurance Company										
Centennial Towers, 200 Kent Street, Ottawa, Ontario	234	182	5	177	14	14	14	14	15	106
TNC 340 Laurier Ltd										
Sir Wilfrid Laurier Building, Ottawa, Ontario	59	59	23	36	9	9	9	9		
Transpacific Realty Advisors Ltd										
3991 Gladys Avenue, Abbotsford, British Columbia	22	22	3	19	1	2	1	2	1	12
West Corr Holdings Ltd										
3427 Faithfull Avenue, Saskatoon, Saskatchewan	24	24		24	1	1	2	1	2	17
Whiterock 219 Laurier Avenue										
Canadian Building, 219 Laurier Avenue West, Ottawa, Ontario	24	24	13	11	5	5	1			
WPBI Property Management Inc										
Bonaventure Place, 800 de la Gauchetière Street West, Montréal, Quebec	49	49	33	16	3	4	4	4	1	
Shared Services Canada — Bell Canada										
Data center colocation services	35	18	2	16	4	4	4	4		
	2,673	*2,458*	*575*	*1,883*	*273*	*275*	*263*	*221*	*192*	*659*
Subtotal	3,353	3,138	789	2,349	295	297	285	242	212	1,018
Consolidated Crown Corporations and Other Entities —										
Atomic Energy of Canada Limited —										
Rental properties	*19*	*19*	*8*	*11*	*3*	*3*	*2*	*2*	*1*	
Canada Council for the Arts —										
Office accommodation, 150 Elgin Street, Ottawa, Ontario	*92*	*92*	*1*	*91*	*4*	*4*	*4*	*4*	*4*	*71*
Canadian Air Transport Security Authority —										
Sun Life Assurance Company of Canada	*52*	*52*	*12*	*40*	*5*	*4*	*5*	*4*	*5*	*17*

Table 11.3

Transfer Payment Agreements, Capital Assets, Purchases and Operating Leases as at March 31, 2014 — *Concluded*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2015	2016	2017	2018	2019	2020 and subsequently
Canadian Broadcasting Corporation —										
Eurofax Properties	17	17	2	15	1	1	1	1	1	10
Morguard	144	144	66	78	7	8	8	8	8	39
	161	*161*	*68*	*93*	*8*	*9*	*9*	*9*	*9*	*49*
Canadian Commercial Corporation —										
Office space	*25*	*25*	*12*	*13*	*2*	*2*	*2*	*2*	*2*	*3*
Canadian Museum of Immigration at Pier 21 —										
Rent of 1055 Marginal Road, Halifax, Nova Scotia	*79*	*79*	*3*	*76*	*2*	*2*	*2*	*2*	*2*	*66*
International Development Research Centre —										
Head office, 150 Kent Street, Ottawa, Ontario	*102*	*102*	*39*	*63*	*6*	*7*	*7*	*7*	*8*	*28*
Marine Atlantic Inc. —										
Five-year charter agreement for a passenger and freight ferry										
MV Atlantic Vision	17	17	6	11	11					
MV Blue Puttees	69	69	46	23	13	10				
MV Highlanders	59	59	37	22	12	10				
	145	*145*	*89*	*56*	*36*	*20*				
National Capital Commission —										
Chambers Building, Ottawa, Ontario	*195*	*195*	*134*	*61*	*9*	*10*	*10*	*10*	*11*	*11*
Telefilm Canada —										
Montréal Office	*11*	*11*		*11*	*1*	*1*	*1*	*1*	*1*	*6*
VIA Rail Canada Inc. —										
Canadian National Railways										
Montréal Central Station	104	104	77	27	5	6	6	6	4	
City of Toronto										
Union Station	218	218	34	184	4	3	4	4	4	165
SITQ										
Place Ville Marie, Montréal	36	36		36	3	3	3	3	3	21
	358	*358*	*111*	*247*	*12*	*12*	*13*	*13*	*11*	*186*
Subtotal	1,239	1,239	477	762	88	74	55	54	54	437
Total operating leases	**4,592**	**4,377**	**1,266**	**3,111**	**383**	**371**	**340**	**296**	**266**	**1,455**
Grand total	**165,496**	**159,261**	**72,835**	**86,426**	**24,219**	**13,906**	**9,287**	**7,594**	**8,148**	**23,272**

(1) The amounts shown relate to a future capital lease obligation.

(2) The amounts shown relate to interest and executory costs associated with a future capital lease obligation.

(3) The amount shown as Amount disbursed represents the liability recorded for obligations related to alternative financing arrangements.

International Contractual Obligations

Table 11.4 summarizes the international contractual obligations according to whether they would result in the disbursement of funds for non-budgetary share capital and loans, or for budgetary transfer payments, loans and advances and contractual obligations.

International contractual obligations reported in this table include transfer payments, loans and advances to international organizations as well as loans for the development of export trade (administered by Export Development Canada), which Canada has agreed to disburse in the future. Future paid-in share capital represents commitments made by Canada for future purchases of non-budgetary share capital in international organizations. The amounts reported in Table 11.4 as undisbursed loans and advances and as future paid-in share capital exclude notes that have been issued and that are still unpaid as at March 31, 2014.

Table 11.4 presents information that is summarized in Note 16 to the consolidated financial statements in Section 2 of this volume.

Table 11.4
International Contractual Obligations

(in millions of dollars) (1)

	Transfer payments	Undisbursed loans and advances	Future paid-in share capital	Total
Non-Budgetary Share Capital and Loans —				
Foreign Affairs, Trade and Development —				
African Development Bank			31	31
Asian Development Bank			40	40
Inter-American Development Bank			30	30
			101	*101*
Budgetary Transfer Payments, Loans and Advances —				
Environment —				
Commission for Environmental Cooperation	9			9
United Nations Environment Program				
Climate change and clean air	12			12
Multilateral fund of the Montreal Protocol	9			9
World Meteorological Organization	9			9
	39			*39*
Finance —				
African Development Fund	401			401
International Development Association				
Multilateral Debt Relief Initiative		1,033		1,033
Subscriptions and contributions	1,325			1,325
	1,726	*1,033*		*2,759*
Foreign Affairs, Trade and Development —				
Diplomacy and advocacy	12			12
Fragile states and crisis-affected communities	148			148
Global engagement and strategic policy	154			154
Low income countries	934			934
Middle income countries	304			304
Asian Development Fund		143		143
Caribbean Development Bank — Special Development Fund		50		50
Global Environment Facility Fund		27		27
International Fund for Agricultural Development		13		13
Multilateral Fund for the Montreal Protocol Fund		4		4
	1,552	*237*		*1,789*
Industry —				
Canadian Space Agency —				
Canada / European Space Agency Cooperation Agreement	123			123
National Research Council of Canada —				
Atacama Large Millimetre/submillimetre Array	4			4
Canada-France-Hawaii Telescope Corporation	19			19
Gemini Twin Telescope Project	3			3
	149			*149*
	3,466	*1,270*		*4,736*
Total	3,466	1,270	101	4,837

Note: Canada has agreed to lend the Poverty Reduction and Growth Trust special drawing rights (SDR) 1.2 billion of which SDR 700 million has been lent, and to subsidize the interest rate on the loan through a grant of approximately SDR 190 million, of which SDR 190 million has been paid-in.

(1) Foreign currencies were translated into Canadian dollars using the closing rates of exchange at March 31, 2014 (1$USD = $1.1055 CAD; 1SDR = $1.7087 CAD; 1 EUR = $1.5230 CAD).

Contingent Liabilities

A contingent liability is a potential liability which may become an actual liability when one or more future events occur or fail to occur. Contingent liabilities are recorded in the accounts when it becomes likely that a payment will be made and the amount of that payment can be reasonably estimated. The contingent liabilities of the Government are grouped into: guarantees provided by the Government, international organizations, claims and pending and threatened litigation, and insurance programs of agent enterprise Crown corporations. Additional information regarding each category is provided below.

For details of contingent liabilities of consolidated Crown corporations, refer to Table 4.4 in Section 4 of this volume. Particulars of contingent liabilities of enterprise Crown corporations and other government business enterprises are not consolidated with those of the Government but details of these contingencies may be found in Table 9.8 of Section 9 of this volume.

Guarantees

Guarantees provided by the Government include:

- — guarantees on the borrowings of enterprise Crown corporations and other government business enterprises;
- — loan guarantees;
- — insurance programs managed by the Government; and
- — other explicit guarantees.

Losses on guarantees are recorded in the accounts when it is likely that a payment will be made to honour a guarantee and when the amount of the anticipated loss can be reasonably estimated. The amount of the allowance is determined by taking into consideration the nature of the guarantee, loss experience and the use of other measurement techniques. Borrowings of enterprise Crown corporations and other government business enterprises are recorded as liabilities for the portion not expected to be repaid directly by these corporations.

Table 11.5 lists the outstanding guarantees and is summarized in Note 17 to the consolidated financial statements in Section 2 of this volume. The authorized limits indicated in Table 11.5 represent the aggregate total of various types of authorities of Government bodies as stipulated in legislation, legal agreements or other documents that may be in force at any one time.

Table 11.5
Guarantees provided by the Government as at March 31, 2014

(in millions of dollars)

	Authorized limit (where applicable)	Principal amount outstanding
Guaranteed borrowings of enterprise Crown corporations and other government business enterprises —		
Agent enterprise Crown corporations		245,223(1)
Non-agent enterprise Crown corporations and other government business enterprises —		
Canadian Wheat Board, The		1,114
Total — Guaranteed borrowings		246,337
Other guarantees provided by the Government —		
Loan guarantees —		
Agriculture and Agri-Food —		
Advance Payments Program — *Agricultural Marketing Programs Act*	5,000	1,445
Farm Improvement Loans Act (FILA) and *Canadian Agricultural Loans Act*	3,000	105
Employment and Social Development —		
Canada Student Loans Act	10,782	11
Indian Affairs and Northern Development		
Indian Economic Development Guarantee Program	60	1
On-Reserve Housing Guarantee Program	2,200	
Canada Mortgage and Housing Corporation		1,352
Other approved lenders		459
Industry —		
Enterprise Development Program	1,200	(2)
Regional Aircraft Credit Facility	1,500	117
Small Business Loans Act	1,838	(2)
Canada Small Business Financing Act	1,995	720
Capital Leasing Pilot Project	16	(2)
Natural Resources —		
Lower Churchill Hydro Electric Projects	6,300	313
Total — Loan guarantees	33,891	4,523

Table 11.5
Guarantees provided by the Government as at March 31, 2014 — *Concluded*

(in millions of dollars)

	Authorized limit (where applicable)	Principal amount outstanding
Insurance programs managed by the Government —		
Foreign Affairs, Trade and Development —		
Accounts administered for the Government by Export Development Canada	20,000	195
Finance —		
Mortgage or Hypothecary Insurance Protection	300,000	155,185
Canadian Nuclear Safety Commission —		
Nuclear Liability Reinsurance Account	975	507
Total — Insurance programs managed by the Government	320,975	155,887
Other explicit guarantees —		
Agriculture and Agri-Food —		
National Biomass Ethanol Program	140	25
Price Pooling Program — *Agricultural Marketing Programs Act*		18
Finance —		
Obligations to The Canadian Wheat Board under the Agri-Food Credit Facility and the Credit Grain Sales Program		182
Consolidated Crown corporations —		
Atomic Energy of Canada Limited —		
Performance guarantees		38
VIA Rail Canada Inc. —		
Letters of credit		29
Total — Other explicit guarantees	140	292
Total — Gross guarantees	355,006	407,039
Less: allowance for guarantees		386
Net exposure under guarantees		406,653

Note: This table excludes insurance programs operated by agent enterprise Crown corporations. Information on these programs is disclosed in Note 17 to the consolidated financial statements in Section 2 of this volume and additional information is provided in Table 11.7 of this section.

(1) Details can be found in Table 9.6, Section 9 of this volume.

(2) Less than $500,000.

Advance Payments Program — *Agricultural Marketing Programs Act*

The Advance Payments Program (APP) provides producers with a cash advance on the value of their agricultural products during a specified period. By improving their cash flow throughout the year, the APP helps crop and livestock producers meet their financial obligations and benefit from the best market conditions.

Under the APP, the federal government guarantees repayment of cash advances issued to farmers by the producer organization. These guarantees help the producer organization borrow money from financial institutions at lower interest rates and issue producers a cash advance on the anticipated value of their farm product that is being produced and/or that is in storage. The maximum cash advance of the program is $0.4 million and the loans generally have a repayment term of 18 months.

Farm Improvement Loans Act and *Canadian Agricultural Loans Act*

The *Canadian Agricultural Loans Act* (CALA) program is a financial loan guarantee program that gives farmers easier access to credit. Farmers can use these loans to establish, improve, and develop farms; while Agricultural co-operatives may also access loans to process, distribute, or market the products of farming.

The CALA program builds on and replaces the previous *Farm Improvement and Marketing Co-operative Loans Act* (FIMCLA) program, which has helped farming operations grow their businesses by guaranteeing loans issued through financial institutions since 1988.

Through the CALA, the Government of Canada is supporting the renewal of the agricultural sector and enabling co-operatives to better seize market opportunities. This program guarantees 95 percent of the value of loans provided to farms and cooperatives by financial institutions. For individual applicants, including corporations, the maximum amount for a *Canadian Agricultural Loans Act* loan is $0.5 million. Most loans are repayable within ten years; for loans on land purchases, the repayment period is 15 years.

Canada Student Loans Act

Loans provided by financial institutions between 1964 and August 1995, under the *Canada Student Loans Act*, are fully guaranteed by Employment and Social Development (ESDC) to the lenders. ESDC reimburses the lenders for the outstanding principal, accrued interest and costs in the event of default, permanent disability or death of the borrower. ESDC bears all risks associated with guaranteed loans.

Indian Economic Development Guarantee Program

This program authorizes Indian Affairs and Northern Development Canada to guarantee loans for non-incorporated Indian businesses on a risk-sharing basis with commercial lenders because security restrictions in the *Indian Act* prevent the mortgage and seizure of property located on reserves. Guarantees are provided for various types of borrowers whose activities contribute to the economic development of Indians and enable them to develop long-term credit relationships with mainstream financial institutions.

Loans issued under this program cannot exceed a term of 15 years and the line of credit must be renewed every year. Interest rates on guaranteed loans are consistent with rates provided by lending institutions to commercial businesses, which are usually based on a spread from the prime lending rate. Any security pledged for a guaranteed loan may not be released by the lending institution without the prior approval of the Minister of Indian Affairs and Northern Development.

On-Reserve Housing Guarantee Program

This program authorizes Indian Affairs and Northern Development Canada to guarantee loans to individuals and Indian bands to assist in the purchase of housing on reserves because security restrictions in the *Indian Act* prevent the mortgage and seizure of property located on reserves. These loan guarantees enable status Indians residing on reserves, Band councils, or their delegated authorities, to secure housing loans without giving the lending institution rights to the property.

Loans under this program are issued by registered lending institutions and Canada Mortgage and Housing Corporation. Payments of principal and interest for loans issued under this program are amortized over a period of 25 years. The interest rates on the guaranteed loans are consistent with conventional mortgage interest rates offered by the major banks.

Enterprise Development Program

The Enterprise Development Program (EDP) was established in 1977 to encourage the growth of the manufacturing and processing sectors of Canadian industry by improving their viability and international competitiveness. One method of assistance was to provide insurance, of up to 90 percent, to support term loans made by private lenders to restructure operations or supplement working capital when normal financing was not available on reasonable terms.

The program required insured lenders to take reasonable fixed asset security, and provide loans at normal commercial interest rates and terms. The insured lenders were paid 90 percent of the losses sustained by them, after realizing on the security when a company defaulted. The program was closed in the mid-eighties as part of Program Review.

Regional Aircraft Credit Facility

The Regional Aircraft Credit Facility Program was established in 2004 to provide sales financing assistance in the form of loan guarantees to enable domestic air carriers to acquire Canadian-built fixed-wing commercial jets.

The guarantees are provided on commercial terms and are secured by the aircraft financed by private lenders. These guarantees have a life of 15 years. This program expired on March 31, 2008.

Small Business Loans Act and *Canada Small Business Financing Act*

The *Small Business Loans Act* (SBLA) includes loans registered until March 31, 1999 and the *Canada Small Business Financing Act* (CSBFA) includes both the core loans component (loans registered since April 1, 1999) and the Capital Leasing Pilot Project (leases registered between April 1, 2002 and March 31, 2007). In collaboration with financial institutions, the programs offered under these Acts are designed to help Canadian small and medium-sized enterprises (SMEs) get access to loan and capital leasing financing that would not otherwise have been available, or would only have been available under less favourable terms. In the event a registered loan or lease defaults, the Government pays 85 percent of the net eligible losses. To be eligible, SMEs must be for-profit businesses with revenues not exceeding $5 million per year.

Lower Churchill Hydroelectric Projects

In 2011, the Government of Canada committed to providing a loan guarantee for the Lower Churchill Hydroelectric Projects, including two projects sponsored by Nalcor Energy ((1) Muskrat Falls and Labrador Transmission Assets and (2) Labrador-Island Link) and one project sponsored by Emera Inc. (Maritime Link). The federal loan guarantee applied to the debt raised for the construction of these projects. Once the projects are operational, principal and interest payments will be made by the project entities to repay the guaranteed debt. Subsequent to signing of the Guarantee Agreement by the Minister of Natural Resources for the Muskrat Falls / Labrador Transmission Assets and for the Labrador Island Link, on December 13, 2013, the bond financing was completed for the Nalcor-led projects, raising $5 billion of guaranteed debt. These bonds have a life varying from about 15 years to 40 years. After the Minister of Natural Resources signed the Guarantee Agreement for the Maritime Link; on April 23, 2014, the bond financing was completed for the Maritime Link, raising $1.3 billion of guaranteed debt for a life of about 39 years. As of March 31, 2014, $312,525,972 of guaranteed debt has been advanced to the project entities. As a condition of the loan guarantee, all of the project entities' shares, assets and agreements have been pledged as security to Canada.

Accounts administered for the Government by Export Development Canada (EDC)

The Government of Canada has authorized support for insurance and guarantee programs which on the basis of EDC's risk management practices, could not be supported under EDC's Corporate Account but are in the national interest. Canada Account transactions consist of activities undertaken by EDC pursuant to Section 23 of the *Export Development Act*.

Mortgage or Hypothecary Insurance Protection

The *Protection of Residential Mortgage or Hypothecary Insurance Act* (PRMHIA) received Royal Assent on June 26, 2011 and came into force on January 1, 2013.

The PRMHIA authorizes the Minister of Finance to provide protection in respect of certain mortgage or hypothecary insurance contracts written by approved mortgage insurers. Under the PRMHIA, a payment in respect of this guarantee would only be made if a winding-up order were made in respect of an approved mortgage insurer that had written an insurance contract guaranteed under the PRMHIA. In that case, the Minister would honour lender claims for insured mortgages in default, subject to: *(1)* any proceeds the beneficiary has received from the underlying property or the insurer's liquidation, and *(2)* a deductible of 10 percent of the original principal amount of the insured mortgage.

As at March 31, 2014, the aggregate outstanding principal amount of loans that are guaranteed under the PRMHIA is estimated at $174.9 billion ($164 billion in 2013). Any payment by the Minister is subject to a deductible equal to 10 percent of the original principal amount of these loans, or $19.7 billion ($22 billion in 2013). The principal amount outstanding presented within Table 11.5 does not refer to anticipated losses or payments in respect of the guarantee. No provision has been made in these accounts for payments under the guarantee. As at March 31, 2014, there are two approved mortgage insurers under the PRMHIA: Genworth Financial Mortgage Insurance Company Canada, and Canada Guaranty Mortgage Insurance Company.

Nuclear Liability Reinsurance Account

Under the *Nuclear Liability Act* (NLA), operators of designated nuclear installations are required to possess basic and/or supplementary insurance of $75 million per installation for specified liabilities. The federal government has designated the Nuclear Insurance Association of Canada (NIAC) as the sole provider of third-party liability insurance and property insurance for the nuclear industry in Canada. The NIAC provides insurance to nuclear operators under a standard policy.

The policy consists of two types of coverage:

Coverage A and Coverage B. Coverage A includes only those risks that are accepted by the insurer; that is, bodily injury and property damage. Coverage B risks include personal injury that is not bodily; for example, psychological injury, damage arising from normal emissions, and damage due to acts of terrorism.

The NIAC receives premiums from operators for both coverages; however, premiums for Coverage B risks are remitted to the federal government, which reinsures these risks under its reinsurance agreement with the NIAC. Through the reinsurance agreement, the federal government assumes the liability associated with the difference between the basic insurance coverage provided by the NIAC and the full $75 million of liability imposed by the *NLA*, as well as for events listed under coverage B.

The Canadian Nuclear Safety Commission (CNSC) administers the Nuclear Liability Reinsurance Account on behalf of the federal government. The CNSC receives the premiums, paid by the operators of nuclear installations, for the supplementary insurance coverage and credits these to the Nuclear Liability Reinsurance Account in the Consolidated Revenue Fund.

National Biomass Ethanol Program

By Agreement dated March 30, 2001 (and amended in September 1, 2003), Her Majesty the Queen in Right of Canada as represented by the Minister of Agriculture and Agri-Food and Farm Credit Canada (FCC) entered into the National Biomass Ethanol Program (NBEP). The purpose of the program is to encourage new biomass fuel ethanol production in Canada. Guarantees are provided in relation to the Line of Credit Agreements entered into by Farm Credit Canada.

Price Pooling Program — *Agricultural Marketing Programs Act*

The Price Pooling Program (PPP) provides a price guarantee that protects marketing agencies and producers against unanticipated declines in the market price of their products. Program participants use the price guarantee as security in obtaining credit from lending institutions. This credit allows the marketing agency to improve cash flow of producers through an initial payment for products delivered. It also provides equal returns to producers for products of like grades, varieties and types. This program is designed to assist and encourage cooperative marketing of eligible agricultural products, including processed products.

Obligations to the Canadian Wheat Board under the Agri-Food Credit Facility and the Credit Grain Sales Program

The Department of Finance manages guarantees to The Canadian Wheat Board for the repayment of the principal and interest of all receivables resulting from sales made under the Credit Grain Sale Program and a portion of credit sales made under the Agri-Food Credit Facility.

Performance guarantees

In line with normal industry practice, Atomic Energy of Canada Limited (AECL) utilizes letters of credit, surety bonds and other performance guarantees on major contracts. Such guarantees may include guarantees that a project will be completed or that a project or particular equipment will meet defined performance criteria.

Letters of credit

VIA Rail Canada Inc. has issued letters of credit to various provincial government workers' compensation boards as security for future payment streams.

International Organizations

Within contingent liabilities, callable share capital represents the portion of Canada's capital subscriptions that has not yet been paid-in. Callable capital is subject to call by offshore banks in the event that they were unable to meet their obligations.

Table 11.6 details the contingent liabilities for international organizations and is summarized in Note 16 to the consolidated financial statements in Section 2 of this volume.

Table 11.6
International Organizations Contingent Liabilities
(in millions of dollars)[1]

	March 31/ 2014	March 31/ 2013
Non-Budgetary Share Capital and Loans —		
Callable Share Capital —		
Finance —		
European Bank for Reconstruction and Development	1,230	1,052
International Bank for Reconstruction and Development (World Bank)	7,303	6,712
Multilateral Investment Guarantee Agency	51	47
	8,584	*7,811*
Foreign Affairs, Trade and Development —		
African Development Bank	3,727	3,616
Asian Development Bank	7,031	6,510
Caribbean Development Bank	135	124
Inter-American Development Bank	8,740	8,033
	19,633	*18,283*
Total	28,217	26,094

(1) Foreign currencies were translated into Canadian dollars using the closing rates of exchange at March 31, 2014 (1$USD = $1.1055 CAD; 1SDR = $1.7087 CAD; 1 EUR = $1.5230 CAD).

Claims and Pending and Threatened Litigation

Please refer to Note 17 to the consolidated financial statements in Section 2 of this volume for information on claims and pending and threatened litigation.

Insurance Programs of Agent Enterprise Crown Corporations

An insurance program is a program where the insured, an outside party, pays an insurance fee which is credited to an insurance fund or provision. The amount of the fee is based on the estimated amount of insurance fund or provision needed to meet future claims. The Canada Deposit Insurance Corporation, Canada Mortgage and Housing Corporation, and Export Development Canada currently operate insurance programs as agents of Her Majesty. Insurance programs operated by private corporations such as employee group insurance, dental plans, etc., are not included in this definition.

The insurance programs are intended to operate on a self-sustaining basis. However, in the event the corporations have insufficient funds, the Government will have to provide financing. The Government expects that all three corporations will cover the cost of both current claims and possible future claims.

Information presented in Table 11.7 has not been audited since the information presented therein is derived from interim financial statements. Additional financial information relating to these corporations may be found in the quarterly *Inventory of Government of Canada Organizations*. Information contained in Table 11.7 is also summarized in Note 17 to the consolidated financial statements in Section 2 of this volume.

Table 11.7

Summary of Insurance Programs of Agent Enterprise Crown Corporations for the Year ended March 31, 2014

(in millions of dollars)

	Canada Deposit Insurance Corporation [1]		Canada Mortgage and Housing Corporation [2]				Export Development Canada [3]	
			Mortgage Insurance Fund		Mortgage-Backed Securities Guarantee Fund			
	2013-2014	2012-2013	2013-2014	2012-2013	2013-2014	2012-2013	2013-2014	2012-2013
Insurance in force as at reporting date	665,274	645,609	554,500	562,200	400,000	392,737	23,176	22,247
Opening balance of Fund	1,316	1,292	12,013	10,676	1,273	1,029	[3]	[3]
Revenues for the period —								
Premiums and fees	192	120	1,738	1,797	246	243	190	192
Investment income	36	39	797	688	33	83		
Other revenues			15	6	1,184	1,682		
Total revenues	228	159	2,550	2,491	1,463	2,008	190	192
Expenses for the period —								
Loss on/provision for claims			298	482				
Interest on borrowing					1,160	1,666		
Administrative expense	36	34	223	202	30	13		
Other expenses (includes taxes)	(61)	101	493	460	68	85	268	(36)
Total expenses	(25)	135	1,014	1,144	1,258	1,764	268	(36)
Net income or (loss) for the period	253	24	1,536	1,347	205	244	(78)	228
Adjustments			68	(10)	6			
Closing balance of Fund	1,569	1,316	13,617	12,013	1,484	1,273	[3]	[3]
Net claims during the period [4]			406	547	*	*	60	336
Five year average of net claims paid			572	551	*	*	142	147

*Not applicable.

[1] The Canada Deposit Insurance Corporation (CDIC) provides insurance on deposits placed with member banks and trust and loan companies for up to $100,000 per depositor, per institution. The Corporation is funded by premiums assessed against its member institutions.

[2] Canada Mortgage and Housing Corporation (CMHC) administers two funds: the Mortgage Insurance Fund (MIF) and the Mortgage-Backed Securities Guarantee Fund (MBSGF). The MIF provides insurance for a fee, to lending institutions to cover mortgage lending on Canadian housing. Besides establishing a framework of confidence for mortgage lending by lending institutions, the Fund facilitates an adequate supply of mortgage funds by reducing the risk to lenders and by encouraging the secondary market trading of mortgages, to make housing more accessible for Canadians. An actuarial study of the MIF is produced as of September 30 of each year. The Corporation determines provisions for claims and unearned premiums at December 31 using valuation factors taking into account new business, claims and interest for the last quarter. The MBSGF supports two CMHC guarantee products: *National Housing Act* (NHA) Mortgage-Backed Securities and Canada Mortgage Bonds.

The Mortgage-Backed Securities (MBS) program was implemented in 1987. For a guarantee fee paid by approved financial institutions, CMHC and ultimately the Government guarantee timely payment of monthly principal and interest to MBS investors who participate in a pool of insured residential mortgages which have been repackaged by the financial institution into investments which can be sold to investors in denominations as low as $1,000. The Canada Mortgage Bond (CMB) program was implemented in 2001. Under this program, bonds are issued by a special purpose trust known as Canada Housing Trust and sold to investors in denominations as low as $1,000. The proceeds of the bonds are used to purchase mortgages packaged into newly issued NHA MBS. Canada Mortgage Bonds of $205,113 million ($212,639 million in 2013) including accrued interest, issued by the Trust carry the full faith and credit of the Government of Canada. The timely payment of semi-annual interest and principal at maturity is guaranteed by the Government of Canada through CMHC.

[3] Export Development Canada (EDC) provides export and foreign investment insurance to Canadian businesses to facilitate and develop export trade. The insurance program has been adequate to provide for the full cost of claims experienced to date and for the cost of future claims established based on previous claims experience. The Corporation does not maintain a separate fund for its insurance program and therefore the balance of the fund is not available. EDC maintains an allowance for claims on insurance which is based on an actuarial review of net loss experience and potential net losses. The balance of the allowance is $626 million ($500 million in 2013).

[4] Refers to the difference between claims and amounts received from sales of related assets and other recoveries.

Section 12

2013-2014

Public Accounts of Canada

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